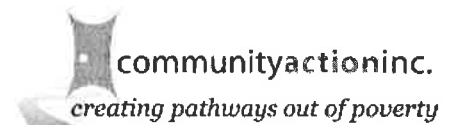


Community Action, Inc. of Rock & Walworth Counties and Related Entities

Beloit, Wisconsin

Consolidated Financial Statements
and Supplementary Information

Year Ended December 31, 2021



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

Consolidated Financial Statements and Supplementary Information
Year Ended December 31, 2021

Table of Contents

Independent Auditor’s Report	1	
Consolidated Financial Statements		
Consolidated Statement of Financial Position.....	4	
Consolidated Statement of Activities	6	
Consolidated Statement of Functional Expenses	7	
Consolidated Statement of Cash Flows.....	8	
Notes to Consolidated Financial Statements	9	
Supplementary Information		
Schedule of Program Activity	28	
Schedule of Expenditures of Federal Awards	34	
Notes to the Schedule of Expenditures of Federal Awards	36	
Consolidating Statement of Financial Position	37	
Consolidating Statement of Activities.....	39	
Statement of Financial Position – Low-Income Housing Partnerships	40	
Statement of Activities – Low-Income Housing Partnerships	41	
Schedule of Emergency Furnace Activity by Contract	42	
DHS Cost Reimbursement Award Schedule	43	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>		44
Independent Auditor’s Report on Compliance for Each Major Federal and State Program and Internal Control Over Compliance Required by the Uniform Guidance		46
Schedule of Findings and Questioned Costs		49

Independent Auditor's Report

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

Report on the Audit of the Consolidated Financial Statements

Opinion

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, 2021, 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.

In our opinion, the financial statements present fairly, in all material respects, consolidated financial position of Community Action, Inc. of Rock & Walworth Counties and Related Entities as of December 31, 2021, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Community Action, Inc. of Rock & Walworth Counties and Related Entities and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. 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.

Responsibilities of Management 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; and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Action, Inc. of Rock & Walworth Counties and Related Entities ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Community Action, Inc. of Rock & Walworth Counties and Related Entities internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Action, Inc. of Rock & Walworth Counties and Related Entities ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planning scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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, 2020, 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, 2020, 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 22, 2022, on our consideration of Community Action, Inc. of Rock & Walworth Counties' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreement and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Community Action, Inc. of Rock & Walworth Counties' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Action, Inc. of Rock & Walworth Counties' internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP

June 22, 2022
Madison, Wisconsin

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

Consolidated Statement of Financial Position

December 31, 2021

<i>Assets</i>	
Current assets:	
Cash	\$ 644,896
Restricted cash	538,023
Grants receivable	856,304
Accounts receivable, net	68,240
Weatherization inventory	246,868
Housing inventory	276,817
Commodity food inventory	74,448
Prepaid expenses and other assets	57,847
Total current assets	2,763,443
Other assets:	
Investments	513,828
Loans receivable - Housing partnership	220,000
Loans receivable - Housing, net	884,119
Total other assets	1,617,947
Property and equipment, net	6,000,121
TOTAL ASSETS	\$ 10,381,511

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

Consolidated Statement of Financial Position (Continued)

December 31, 2021

<i>Liabilities and Net Assets</i>	
Current liabilities:	
Current portion of mortgages payable	\$ 22,786
Line of credit	350,000
Accounts payable	255,692
Accrued payroll and related expenses	159,963
Other liabilities	106,684
Refundable advance liability	479,937
Total current liabilities	1,375,062
Long-term liabilities:	
Mortgages payable	1,125,154
Other liability	108,065
Total long-term liabilities	1,233,219
Total liabilities	2,608,281
Net assets:	
Without donor restrictions - CAI	1,149,871
Without donor restrictions - BALI	1,349,170
Without donor restrictions - Board designated	513,828
Without donor restrictions - Low-Income housing partnerships	946,939
Total without donor restrictions	3,959,808
With donor restrictions - CAI	3,813,422
Total net assets	7,773,230
TOTAL LIABILITIES AND NET ASSETS	\$ 10,381,511

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

Consolidated Statement of Activities

December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Grant and contract revenue	\$ 7,307,701	\$ 16,655	\$ 7,324,356
Fee for services revenue	832,192	0	832,192
Program and other contributions	923,542	104,041	1,027,583
Rental income	965,313	0	965,313
Investment income	53,432	0	53,432
Net assets released from restriction through satisfaction of program restrictions	131,593	(131,593)	0
Total revenue	10,213,773	(10,897)	10,202,876
Expenses:			
Program activities:			
Weatherization/energy assistance	1,930,115	0	1,930,115
Housing and housing rehabilitation	2,365,524	0	2,365,524
Employment training	781,410	0	781,410
Food programs	1,169,443	0	1,169,443
Child programs	1,275,173	0	1,275,173
Community services programs	732,260	0	732,260
Other	21,883	0	21,883
Homeless/shelter programs	893,780	0	893,780
Health Care	198,259	0	198,259
Total program activities	9,367,847	0	9,367,847
Support services:			
Fund-raising	150,312	0	150,312
Management and general	876,423	0	876,423
Total supportive services	1,026,735	0	1,026,735
Total expenses	10,394,582	0	10,394,582
Change in net assets	(180,809)	(10,897)	(191,706)
Net assets at beginning of year	4,140,617	3,824,319	7,964,936
Net assets at end of year	\$ 3,959,808	\$ 3,813,422	\$ 7,773,230

See accompanying notes to consolidated financial statements.

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

Consolidated Statement of Functional Expenses

December 31, 2021

	Program Services	Management and General	Fundraising	Total Expenses
Salaries and wages	\$ 2,831,508	\$ 582,447	\$ 75,270	\$ 3,489,225
Fringe benefits	543,448	123,883	17,335	684,666
Consultants/contractual	267,993	84,451	1,188	353,632
Travel	66,325	5,515	300	72,140
Occupancy	601,543	44,853	6,472	652,868
Supplies	536,084	10,753	1,553	548,390
Weatherization materials	963,969	0	0	963,969
Client/participant costs	1,958,409	0	0	1,958,409
Depreciation	328,202	0	0	328,202
Commodities distributed	866,770	0	0	866,770
Other	97,898	24,521	48,194	170,613
Project expenses	305,698	0	0	305,698
Total expenses	\$ 9,367,847	\$ 876,423	\$ 150,312	\$ 10,394,582

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

Consolidated Statement of Cash Flows

Year Ended December 31, 2021

Increase (decrease) in cash and restricted cash:

Cash flows from operating activities:	
Change in net assets	(\$ 191,706)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	328,202
Debt insurance fees amortized to interest expense	1,186
Loss on disposal of property and equipment	3,331
Realized and unrealized gain on investments	(49,363)
Provision allowance for uncollectible accounts receivable	(12,671)
Write down of housing inventory	152,762
Loan loss recovery	(25,532)
Net change in discount on loans receivable	(19,788)
Changes in operating assets and liabilities:	
Grants receivable	(233,872)
Accounts receivable	(3,006)
Weatherization inventory	(7,663)
Housing inventory	(62,036)
Prepaid expenses and other assets	63,573
Accounts payable	65,065
Accrued payroll and related expenses	46,948
Other liabilities	5,778
Refundable advance liability	(258,739)
Other liability	(1,089)
Net cash used in operating activities	(198,620)
Cash flows from investing activities:	
Capital expenditures	(484,590)
Purchase of investments	(3,790)
Collections on loans receivable	152,933
Net cash used in investing activities	(335,447)
Cash flows from financing activities:	
Proceeds from line of credit	350,000
Payments on mortgages payable	(14,057)
Net cash provided by financing activities	335,943
Change in cash and restricted cash	(198,124)
Cash and restricted cash - Beginning of year	1,381,043
Cash and restricted cash - End of year	\$ 1,182,919
Supplemental schedule of operating activities:	
Interest paid and expensed	\$ 53,664
Supplemental schedule of noncash operating and investing activity:	
Change in commodity food inventory/refundable advance liability	4,514
Reconciliation of cash and restricted cash to statement of financial position at December 31, 2021	
Cash	644,896
Restricted cash	538,023
Total cash and restricted cash	1,182,919

See accompanying notes to consolidated financial statements.

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

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Operations

Community Action, Inc. of Rock & Walworth Counties (CAI) was organized as a nonprofit corporation in 1965. CAI was formed to develop and provide resources for the purpose of assisting low-income individuals through a variety of programs in Rock and Walworth Counties in Wisconsin. CAI is supported through federal and state government grants, fees for services, and private contributions. Approximately 19% of grant revenue was received from the State of Wisconsin under the Weatherization program, and 12% 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, 2021.

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

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

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

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 sales 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.

Childcare Fees - CAI recognized revenues from childcare fees of \$725,598 in 2021, which is included in fee for services revenue and program and other contributions 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, 2021 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 \$5,453 and \$11,960 at January 1, 2021 and December 31, 2021, respectively.

There were no contract assets at January 1, 2021 or December 31, 2021 and contract liabilities included in other current liabilities on the consolidated statement of financial position were at \$7,238 and \$0 at January 1, 2021 and December 31, 2021, respectively. The contract liability at January 1, 2021 was recognized as revenue in 2021.

Sales – Sales revenue is generated from the sale of housing inventory. Customers pay for the property on a stand-alone selling price basis at the point of sale which occurs at a point in time. Control is transferred immediately to the customer at the point of sale, at which point the CAI recognizes the revenue. There are no discounts on purchases or refunds available for these sales. Sales of housing inventory totaled \$130,000 during the year ended December 31, 2021 and is included in program and other contributions revenue on the consolidated statement of activities.

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

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Rental Income

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

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 \$700 at December 31, 2021.

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.

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

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Loans Receivable

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.

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.

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

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Loans Receivable (Continued)

CAI has the following types of loans receivable:

Loans Receivable - Housing

CAI operates a revolving loan program funded by grant awards. CAI receives funds to loan to eligible individuals for housing assistance. Loans are either to be repaid or are forgiven. The repaid loans are to be repaid over a time period determined by the grant or are to be repaid when the property is sold, title changes, or the property is refinanced. The forgivable loans are forgiven over a time period determined by the individual grant.

Any funds repaid must be used in accordance with the original grant agreement, which includes covering a certain percentage of administrative costs. The loans are low or non-interest-bearing. Loans receivable are discounted to their net present value at a 4.5% discount rate and are stated at the amount of unpaid principal.

Loans Receivable – Housing Partnership

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

Property and Equipment

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

Property and equipment purchased with grant funds are owned by CAI while used in the program for which they were purchased or in other future authorized programs. However, the various funding sources have a reversionary interest in the property and equipment purchased with grant funds. The disposition of property and equipment, as well as the ownership of any proceeds therefrom, is subject to funding source regulations. The net book value of property and equipment purchased with grant funds is \$573,896 at December 31, 2021.

Debt Issuance Costs

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

Income Taxes

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

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

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)

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

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

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

Indirect Cost Rate

Joint costs are allocated to benefiting programs using an indirect cost rate. Joint costs are those costs incurred for the common benefit of all organization programs that cannot be readily identified with a final cost objective. A provisional indirect cost rate of 12% of modified total direct costs has been approved by the U.S. Department of Housing and Urban Development (HUD). 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.

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. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2021, with early adoption permitted. ASU No. 2016-02 must be applied modified retrospectively. The Organizations are currently evaluating the impact of the provisions of ASU Topic 842.

Subsequent Events

Subsequent events have been evaluated through June 22, 2022, which is the date the consolidated financial statements were available to be issued.

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

Notes to Consolidated Financial Statements

Note 2: Liquidity and Availability

As of December 31, 2021, 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	\$	644,896
Grants receivable		856,304
Accounts receivable		68,240
Less: refundable advance liability included in financial assets	(233,069)
Less: net assets with donor restrictions included in financial assets	(1,079,584)
Total financial assets available	\$	256,787

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. There was an outstanding amount drawn on the line of credit for \$350,000 at December 31, 2021. 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 \$758,000 at December 31, 2021.

Note 3: Concentration of Credit Risk

The Organizations maintain their cash balances at several financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

CAI's cash balances at times exceed insured limits as designated by FDIC. CAI has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash.

CAI's investments consisting of equity and fixed income funds and a money market fund are not insured (see Note 7).

Note 4: Restricted Cash

The restricted cash balance at December 31, 2021, consisted of the following.

CAI reserve for unemployment claims	\$	52,000
BALI reserves and security deposits		39,310
BMAH reserves and security deposits		109,096
DMAH reserves and security deposits		221,315
ESH reserves and security deposits		116,302
Total	\$	538,023

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

Notes to Consolidated Financial Statements

Note 5: Grants Receivable

Grants receivable at December 31, 2021, consisted of the following:

State programs	\$	55,286
Federal programs		776,819
Other programs		24,199
<u>Total</u>	<u>\$</u>	<u>856,304</u>

Note 6: Accounts Receivable, Net

Accounts receivable, net, at December 31, 2021, consisted of funds due for the following activities:

CAI miscellaneous activities, net of \$700 allowance for uncollectible amounts	\$	44,356
BALI, BMAH, DMAH, and ESH rental activities		23,884
<u>Total</u>	<u>\$</u>	<u>68,240</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, 2021, investments consist of the following:

Money market fund	\$	11,899
Equity and fixed income funds		501,929
<u>Total</u>	<u>\$</u>	<u>513,828</u>

Total investment income for the year ended December 31, 2021, was as follows:

Interest and dividends	\$	6,663
Realized and unrealized gain on investments		49,363
Fees	(2,594)
<u>Investment income</u>	<u>\$</u>	<u>53,432</u>

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

Notes to Consolidated Financial Statements

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, 2021, 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 2021.

Note 9: Weatherization Inventory

As of December 31, 2021, CAI's inventory of weatherization material included the following:

Materials inventory	\$ 5,988
Work in process	240,880
Total	\$ 246,868

Note 10: Housing Inventory

The inventory of houses included the following:

Beginning cost of house inventory	\$ 367,543
Current year additions	192,036
Current year cost of sales	(130,000)
Current year write-down (lower of cost or net realizable value)	(152,762)
Ending cost of house inventory	\$ 276,817

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

Notes to Consolidated Financial Statements

Note 10: Housing Inventory (Continued)

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, 2021, is as follows:

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.	52,564
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.	146,017
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.	13,900
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.	138,736

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 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. 399,696

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. 473,300

Total loans receivable - Housing	1,327,799
Allowance for uncollectible	(281,172)

Expected revolving loans to be received	1,046,627
Discounted at 4.5%	(162,508)

<u>Long-term loans receivable, net</u>	<u>\$ 884,119</u>
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The unamortized discount is the difference between the face amount of the loan receivable and its present value discounted at a compound interest rate. This discount is then amortized over the life of the loan.

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

For the year ended December 31, 2021, the allowance for loan losses change is as follows:

Balance at the beginning of the year	\$ 329,483
Loan loss recovery	(25,532)
Charge-offs	(22,779)

<u>Balance at the end of year</u>	<u>\$ 281,172</u>
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Total nonaccrual loans	500,632
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The lead hazard reduction assistance and assigned HOME and HCRI loans above have been place on nonaccrual status at December 31, 2021 given the fact that the loans are not payable until a certain event occurs. Interest income recognized on these loans was \$43,924 during 2021. There were no loans that were considered impaired as of December 31, 2021.

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

Notes to Consolidated Financial Statements

Note 12: Property and Equipment

A summary of property and equipment as of December 31, 2021, is as follows:

	Land	Building	Equipment	Total
CAI	\$ 224,600	\$ 3,138,604	\$ 510,246	\$ 3,873,450
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
ESH	210,420	1,023,471	0	1,233,891
Subtotal	711,461	8,695,399	551,452	9,958,312
Accumulated depreciation				(3,958,191)
Property and equipment, net				\$ 6,000,121

Note 13: Paycheck Protection Program Forgiveness

In 2020, CAI received proceeds of \$663,500 from the Small Business Administration (SBA) Paycheck Protection Program (PPP) that resulted from legislation passed to assist businesses with navigating the Coronavirus Pandemic. CAI determined that the award was a conditional grant, applied the policy as described in Note 1, and recognized grant revenue of \$255,107 during the year ended December 31, 2020. In 2021, CAI received notification that the amount of the PPP proceeds spent and previously recognized as revenue, \$255,107, was forgiven, and CAI returned the amount that was not spent, which totaled \$408,393.

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% (4.19% at December 31, 2020). The maturity date of the mortgage is August 1, 2045. The mortgage is secured by BMAH's assets.

634,801

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.

145,225

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.

128,388

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.

	252,495
Subtotals	1,175,909
Debt issuance costs of \$35,579, net of accumulated amortization of \$7,610	(27,969)
<u>Current maturities of mortgages payable</u>	<u>(22,786)</u>
<u>Long-term mortgages payable</u>	<u>\$ 1,125,154</u>

Future payments of mortgages payable are as follows:

2022	\$ 22,786
2023	24,019
2024	25,203
2025	26,449
2026	27,759
<u>Thereafter</u>	<u>1,049,693</u>
<u>Total</u>	<u>\$ 1,175,909</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 3.25% (4.10% at December 31, 2021), and is collateralized by real property. There was an outstanding amount drawn on the line of credit for \$350,000 at December 31, 2021.

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

Note 16: Net Assets With Donor Restrictions

At December 31, 2021, net assets with donor restrictions are available for the following purposes:

Housing activities:	
Housing projects	\$ 1,922,082
Revolving loans - Housing	1,565,587
Housing activities subtotal	3,487,669
Funds available for vehicle loans	74,542
Twin Oaks contributions	50,830
Other	200,381
Total	\$ 3,813,422

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 \$106,226 for the year ended December 31, 2021.

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, 2021, was \$250,820, which includes \$113,605 in lease expense related to CAI's Transitional Living Program. The future minimum lease obligations are as follows:

2022	\$ 173,024
2023	142,903
2024	145,310
2025	147,526
2026	149,949
Thereafter	571,031
Total lease obligations	\$ 1,329,743

Rental income from the affordable housing projects, primarily under annual leases, during the year ended December 31, 2021, was \$826,606. 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, 2021, was \$138,707. As per the sublease agreements, guaranteed annual rental payments due to CAI are as follows:

2022	\$ 105,381
2023	46,345
2024	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

Note 19: Commitments and Contingencies

At December 31, 2021, CAI had commitments under various grants of approximately \$758,000. 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 2021.

	Percentage	Amount
Government	69%	\$ 7,061,138
Private	31%	3,141,738
Totals	100%	\$ 10,202,876

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, 2021, 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	\$ 11,899	\$ 11,899	\$ 0	\$ 0
Equity and fixed income funds:				
Large cap funds	63,987	63,987	0	0
Mid cap funds	10,445	10,445	0	0
Small cap funds	24,960	24,960	0	0
International development funds	43,721	43,721	0	0
Emerging markets	33,117	33,117	0	0
Multi-strategy funds	190,328	190,328	0	0
Bonds	135,371	135,371	0	0
Totals	\$ 513,828	\$ 513,828	\$ 0	\$ 0

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

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

Information regarding the fair value of assets measured at fair value on a non-recurring basis as of December 31, 2021, 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	\$ 276,817	\$ 0	\$ 0	\$ 276,817

Housing inventory with a carrying amount of \$429,579 was written down to its fair value of \$276,817 since this impairment was deemed to be other than temporary. As a result, an impairment charge of \$152,762 is included in the consolidated statement of activities for the year ended December 31, 2021.

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

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

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

Schedule A-1
Schedule of Program Activity
Year Ended December 31, 2021

AL Number	Grant Number	Program Name	Grantor Agency	Program Period	Program or Award Amount
ASSISTANCE PROGRAMS AS IDENTIFIED IN THE CATALOG OF FEDERAL DOMESTIC ASSISTANCE					
Department of Agriculture					
10.558	53-6801	Community Kids Janesville (USDA)	State of WI Dept. of Public Instruction	10/01/20-09/30/21	N/A
10.558	53-6801	Community Kids Janesville (USDA)	State of WI Dept. of Public Instruction	10/01/21-09/30/22	N/A
		Subtotal 10.558			
10.561	FY21-CAI-FSET	FSET-Fatherhood-Rock	SW/WDB	10/01/20-09/30/21	100,458
10.568	435100-G-21-210484-190	Temporary Emerg. Food Asst. Prog.	State of WI Dept. of Health Services	10/01/20-09/30/21	76,708
10.568	435100-G21-TEFAP_EQUIP-00	Temporary Emerg. Food Asst. Prog.-Equipment	State of WI Dept. of Health Services	10/01/20-09/30/21	190,591
10.568	435100-G-22-210484-290	Temporary Emerg. Food Asst. Prog.	State of WI Dept. of Health Services	10/01/21-09/30/22	60,825
		Subtotal 10.568			
10.569	N/A	Commodity Food Program	State of WI Dept. of Health Services	01/01/21-12/31/21	N/A
		Subtotal 10.568 & 10.569 Cluster			
Department of Housing and Urban Development					
14.218	94520966-2021-CV	COVID-19 Community Development Block Grant-Cares Act 2	City of Beloit	01/01/21-12/31/21	98,321
14.218	94520966-2021-CV3	COVID-19 Community Development Block Grant-Cares Act 3	City of Beloit	01/01/21-12/31/21	30,070
14.218	94520966-2021	Community Development Block Grant-Neighborhood Revitalization Strategic Areas	City of Beloit	01/01/21-12/31/21	50,000
14.218	94520966-2021	CDBG-Merrill Community Center Youth and Senior Programs	City of Beloit	01/01/21-12/31/21	15,000
14.218	94520966-2021	CDBG-Fatherhood Initiative	City of Beloit	01/01/21-12/31/21	18,000
14.218	94520966-2021	CDBG-Rapid Rehousing	City of Beloit	01/01/21-12/31/21	5,000
14.218	94520966-2021	CDBG-Permanent Supportive Housing	City of Beloit	01/01/21-12/31/21	5,000
14.218	94520966-2021	CDBG-Neighborhood Clean-up	City of Beloit	01/01/21-12/31/21	14,280
14.218	B-19-MC-55-0013	CDBG-Personal Responsibility Educ Prog	City of Beloit	01/01/19-12/31/19	3,000
14.218	B-20-MW-55-0014	COVID-19 Community Development Block Grant-Cares Act	City of Janesville	10/01/20-12/31/21	286,421
14.218	B-21-MC-55-0014	CDBG-Fatherhood Initiative	City of Janesville	01/01/21-12/31/21	4,700
14.218	B-19-MC-55-0014	CDBG-Fatherhood Initiative	City of Janesville	01/01/21-12/31/21	10,000
		Subtotal 14.218 CDBG - Entitlement Grants Cluster			
14.231	20-21ESG-CV-22-CAI	COVID-19 Emergency Solutions Grant-Cares Act	YWCA of Rock County	07/01/20-04/30/22	915,804
14.231	20-21EHH20-23-CAI	Emergency Solutions Grant	YWCA of Rock County	07/01/20-06/30/21	15,658
14.231	21-22EHH21-23-CAI	Emergency Solutions Grant	YWCA of Rock County	07/01/21-06/30/22	22,679
		Subtotal 14.231			
14.239	1431	HOME Investment Partnership - Rock	City of Beloit	11/02/20-07/31/22	135,709
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	07/01/21-06/30/22	32,177
14.267	Rock Walworth	Supportive Services Only	State of WI Dept. of Administration	07/01/20-06/30/21	32,177
14.267	WI0202L51001801	HUD Continuum of Care	U.S. Dept. of HUD	09/01/19-12/31/21	465,537
14.267	WI0203L51002003	HUD Permanent Supportive Housing	U.S. Dept. of HUD	09/01/21-08/31/22	229,148
14.267	WI0203L51001902	HUD Permanent Supportive Housing	U.S. Dept. of HUD	09/01/20-08/31/21	221,889
		Subtotal 14.267			
Department of Labor					
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
Department of Treasury					
21.019	WRAP 20-05	COVID-19 Coronavirus Relief Fund - Wisconsin Rental Assistance Program	State of WI Dept. of Administration	01/01/21-12/31/21	325,215
21.019	WERA 22-104	COVID-19 Coronavirus Relief Fund - Wisconsin Rental Assistance Program	State of WI Dept. of Administration	01/01/21-12/31/21	169,058
		Subtotal 21.019			
21.027	ARPA-BTC-130	COVID-19 Coronavirus State and Local Fiscal Recovery Funds	State of WI Dept. of Administration	08/23/21-09/30/22	697,626
21.027	SSHG 21-05	COVID-19 Coronavirus State and Local Fiscal Recovery Funds	State of WI Dept. of Administration	12/01/21-04/30/22	51,492
		Subtotal 21.027			
Department of Energy					
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 2122.03	Weatherization Assistance DOE	State of WI Dept. of Administration	07/01/21-09/30/22	394,789
		Subtotal 81.042			

See Independent Auditor's Report.

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

Schedule A-1 (Continued)
Schedule of Program Activity
Year Ended December 31, 2021

Net Assets (Deficit) 12/31/20	Refundable Advance Liability 12/31/20	Current Grant Revenue	Other Revenue	Expenses	Transfers	Refundable Advance Liability 12/31/21	Net Assets (Deficit) 12/31/21
\$ 0	\$ 0	\$ 46,884	\$ 0	(\$ 46,884)	\$ 0	\$ 0	\$ 0
0	0	13,116	0	(13,116)	0	0	0
0	0	60,000	0	(60,000)	0	0	0
0	0	67,018	0	(67,018)	0	0	0
0	0	59,989	0	(59,989)	0	0	0
0	0	190,591	0	(190,591)	0	0	0
0	0	27,824	0	(27,824)	0	0	0
0	0	278,404	0	(278,404)	0	0	0
0	78,962	862,256	0	(866,770)	0	(74,448)	0
0	78,962	1,140,660	0	(1,145,174)	0	(74,448)	0
0	0	98,321	0	(98,321)	0	0	0
0	0	30,070	0	(30,070)	0	0	0
0	0	50,000	0	(50,000)	0	0	0
0	0	15,000	0	(15,000)	0	0	0
0	0	18,000	0	(18,000)	0	0	0
0	0	5,000	0	(5,000)	0	0	0
0	0	5,000	0	(5,000)	0	0	0
0	0	9,352	0	(9,352)	0	0	0
0	0	(3,000)	0	0	3,000	0	0
0	0	89,593	0	(89,593)	0	0	0
0	0	4,700	0	(4,700)	0	0	0
0	0	10,000	0	(10,000)	0	0	0
0	0	332,036	0	(335,036)	3,000	0	0
0	0	632,767	0	(632,767)	0	0	0
0	0	7,548	0	(7,548)	0	0	0
0	0	2,080	0	(2,080)	0	0	0
0	0	642,395	0	(642,395)	0	0	0
0	0	58,439	0	(58,439)	0	0	0
0	0	24,497	0	(24,497)	0	0	0
0	0	21,105	0	(21,105)	0	0	0
0	0	25,972	0	(25,972)	0	0	0
0	0	318,570	0	(318,570)	0	0	0
0	0	70,007	0	(70,007)	0	0	0
0	0	164,251	0	(164,251)	0	0	0
0	0	624,402	0	(624,402)	0	0	0
0	0	98,865	0	(98,865)	0	0	0
0	0	233,928	0	(233,928)	0	0	0
0	0	355	0	(355)	0	0	0
0	0	234,283	0	(234,283)	0	0	0
0	0	308,812	0	(308,812)	0	0	0
0	0	11,117	0	(11,117)	0	0	0
0	0	319,929	0	(319,929)	0	0	0
0	0	173,470	0	(173,470)	0	0	0
0	0	177,835	0	(177,835)	0	0	0
0	0	351,305	0	(351,305)	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, 2021

AL Number	Grant Number	Program Name	Grantor Agency	Program Period	Program or Award Amount
ASSISTANCE PROGRAMS AS IDENTIFIED IN THE CATALOG OF FEDERAL DOMESTIC ASSISTANCE (Continued)					
Department of Health and Human Services					
93.092	435100-G-21-210484-190	Personal Responsibility Education Program	State of WI Dept. of Health Services	10/01/20-09/30/21	100,000
93.092	435100-G-22-210484-290	Personal Responsibility Education Program	State of WI Dept. of Health Services	10/01/21-09/30/22	100,000
		Subtotal 93.092			
93.558	437004-G16-0000742-000-01	Transitional Jobs	State of WI Dept. of Children & Families	07/01/17-06/30/21	1,480,700
93.558	437004-G16-0000742-R02-01	Transitional Jobs	State of WI Dept. of Children & Families	07/01/21-06/30/23	340,000
93.558	HCMMSG 21-02	Homeless Case Management Services Grant	State of WI Dept. of Administration	07/01/21-06/30/22	50,000
93.558	HCMMSG 19-02	Homeless Case Management Services Grant	State of WI Dept. of Administration	07/01/20-12/31/21	100,000
		Subtotal 93.558			
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 2122.03	Weatherization Assistance EAP	State of WI Dept. of Administration	07/01/21-09/30/22	599,833
		Subtotal 93.568			
93.569	437004-G21-0001717-000-04	Community Service Block Grant	State of WI Dept. of Children & Families	01/01/21-12/31/21	390,418
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	525,916
		Subtotal 93.569			
93.959	HSD_2020_0078	Urban Youth Prevention Program	Rock County Human Services	01/01/21-12/31/21	65,400
Corporation for National and Community Service					
94.006	19NDHMA003003	AmeriCorps	Serve Wisconsin	08/15/20-08/14/21	212,000
94.006	19NDHMA003003	AmeriCorps	Serve Wisconsin	09/01/21-08/31/22	107,500
94.006	19NDHMA003003	AmeriCorps	Serve Wisconsin	08/15/19-08/14/21	96,405
		Subtotal 94.006			
Department of Homeland Security					
97.024	N/A	Emergency Food & Shelter Program (EFSP)	United Way of Walworth County	01/01/21-12/31/21	N/A
		Total Federal Programs			
STATE AND LOCAL PROGRAMS					
N/A	WX 2021.03	Public Benefits Weatherization	State of WI Dept. of Administration	07/01/20-06/30/21	1,808,604
N/A	WX 2122.03	Public Benefits Weatherization	State of WI Dept. of Administration	07/01/21-09/30/22	1,855,828
N/A	2021.03	Emergency Furnace Replacement	State of WI Dept. of Administration	10/01/20-09/30/21	N/A
N/A	2022.03	Emergency Furnace Replacement	State of WI Dept. of Administration	10/01/21-09/30/22	N/A
N/A	SSSG 21-05	State Shelter Subsidy Grant	State of WI Dept. of Administration	01/01/21-12/31/21	22,600
N/A	N/A	WETAP PD Driver License Program	State of WI Dept. of Transportation	01/01/21-12/31/21	N/A
N/A	N/A	Loans to Affiliates	N/A	Ongoing	N/A
N/A	N/A	AWARE	City of Evansville	01/01/21-12/31/21	10,000
N/A	N/A	Fresh Start	School District of Beloit-WI DPI	01/01/21-12/31/21	N/A
N/A	33720	Personal Responsibility Education Program	Milton Fund	01/01/21-12/31/21	1,150
N/A	N/A	Youth Build-Walworth	Elkhorn Area School District	03/02/20-05/31/21	125,000
N/A	N/A	Twin Oaks Shelter for the Homeless	United Way of Walworth County	01/01/21-12/31/21	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	HUD Permanent Supportive Housing	United Way Blackhawk Region	07/01/19-06/30/21	N/A
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	United Way Blackhawk Region	07/01/21-06/30/23	30,000
N/A	N/A	Community Kids	United Way Blackhawk Region	07/01/21-06/30/23	120,000
N/A	N/A	Community Kids-Tuition Assistance	United Way Blackhawk Region	07/01/21-06/30/23	N/A
N/A	N/A	Fatherhood-Rock	United Way Blackhawk Region	07/01/21-06/30/23	60,000
N/A	N/A	Fresh Start	United Way Blackhawk Region	07/01/21-06/30/23	20,000
N/A	N/A	Merrill After School Program	United Way Blackhawk Region	07/01/21-06/30/23	115,000
N/A	N/A	HUD Permanent Supportive Housing	United Way Blackhawk Region	07/01/21-06/30/23	N/A
N/A	N/A	Rapid Re-Housing (TLP)	United Way Blackhawk Region	07/01/21-06/30/23	108,000
N/A	N/A	Rapid Re-Housing (TLP)	United Way Blackhawk Region	07/01/21-06/30/23	N/A
N/A	N/A	Advance-United Way Blackhawk Region	United Way Blackhawk Region	07/01/21-06/30/23	N/A

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

Schedule A-2 (Continued)
Schedule of Program Activity
Year Ended December 31, 2021

Net Assets (Deficit) 12/31/20	Refundable Advance Liability 12/31/20	Current Grant Revenue	Other Revenue	Expenses	Transfers	Refundable Advance Liability 12/31/21	Net Assets (Deficit) 12/31/21
0	0	100,000	0	(100,000)	0	0	0
0	0	26,128	0	(26,128)	0	0	0
0	0	126,128	0	(126,128)	0	0	0
0	0	51,812	0	(45,633)	(6,179)	0	0
0	0	42,857	0	(42,857)	0	0	0
0	0	6,228	0	(6,228)	0	0	0
0	0	70,681	0	(70,681)	0	0	0
0	0	171,578	0	(165,399)	(6,179)	0	0
0	0	342,085	0	(342,085)	0	0	0
0	0	48,882	0	(48,882)	0	0	0
0	0	390,967	0	(390,967)	0	0	0
0	0	333,560	0	(333,560)	0	0	0
0	0	262,612	0	(238,585)	0	(24,027)	0
0	0	596,172	0	(572,145)	0	(24,027)	0
0	0	65,400	0	(65,400)	0	0	0
0	0	102,619	0	(102,619)	0	0	0
0	0	31,079	0	(31,079)	0	0	0
0	0	40,256	0	(40,256)	0	0	0
0	0	173,954	0	(173,954)	0	0	0
0	0	32,106	0	(32,106)	0	0	0
0	78,962	5,485,637	0	(5,462,945)	(3,179)	(98,475)	0
0	255,835	308,995	0	(564,830)	0	0	0
0	0	858,426	0	(476,964)	0	(381,462)	0
0	0	223,192	0	(223,192)	0	0	0
0	0	100,580	0	(100,580)	0	0	0
0	0	22,600	0	(22,600)	0	0	0
94,503	0	0	0	(19,961)	0	0	74,542
1,848,147	0	9,619	0	0	(8,250)	0	1,849,516
0	0	10,000	0	(10,000)	0	0	0
11,686	0	164,000	5,598	(181,284)	0	0	0
0	0	1,045	0	(1,045)	0	0	0
0	0	25,000	0	(35,063)	10,063	0	0
0	0	25,000	0	(25,000)	0	0	0
0	0	9,500	0	(9,500)	0	0	0
0	0	66,692	0	(66,692)	0	0	0
0	0	8,075	0	(8,075)	0	0	0
0	0	13,143	0	(13,143)	0	0	0
0	0	5,000	0	(5,000)	0	0	0
0	0	28,750	0	(28,750)	0	0	0
0	0	(3,638)	0	0	3,638	0	0
0	0	10,124	0	(10,124)	0	0	0
0	0	6,828	0	(6,828)	0	0	0
0	0	40,312	0	(40,312)	0	0	0
64,733	0	(64,733)	0	0	0	0	0
0	0	7,500	0	(7,500)	0	0	0
0	0	25,000	0	(25,000)	0	0	0
0	0	3,146	0	(3,146)	0	0	0
0	0	15,000	0	(15,000)	0	0	0
0	0	5,000	0	(5,000)	0	0	0
0	0	11,548	0	(11,548)	0	0	0
0	0	591	0	(591)	0	0	0
0	0	3,000	0	(3,000)	0	0	0
0	0	25,659	0	(25,659)	0	0	0
0	0	16,655	0	0	0	0	16,655

See Independent Auditor's Report.

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

Schedule A-3
Schedule of Program Activity
Year Ended December 31, 2021

AL Number	Grant Number	Program Name	Grantor Agency	Program Period	Program or Award Amount
STATE AND LOCAL PROGRAMS (Continued)					
N/A	N/A	AWARE	Foundations	01/01/21-12/31/21	N/A
N/A	N/A	Fatherhood-Rock	Foundations	01/01/21-12/31/21	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 Beloit	Sale Proceeds	Ongoing	N/A
N/A	N/A	152 Linn St Janesville	Sale Proceeds	Ongoing	N/A
N/A	N/A	1316 Nelson Beloit	Sale Proceeds	Ongoing	N/A
N/A	N/A	AWARE	Donations	01/01/21-12/31/21	N/A
N/A	N/A	Fatherhood	Donations	01/01/21-12/31/21	N/A
N/A	N/A	Twin Oaks Homeless Shelter	Donations	01/01/21-12/31/21	N/A
N/A	N/A	Twin Oaks Homeless Shelter-Capital Campaign	Donations	01/01/21-12/31/21	N/A
Total State and Local Programs					
Total Program Activity					
GENERALLY ACCEPTED ACCOUNTING PRINCIPLE (GAAP) ADJUSTMENTS					
N/A	N/A	Average Lease Adjustment Pathways Center	N/A	Ongoing	N/A
N/A	N/A	Grant-Funded Equipment	N/A	Ongoing	N/A
Total GAAP Adjustments					
PRIVATE SUPPORT AND SERVICE FEES					
N/A	N/A	Paycheck Protection Program	Small Business Administration & BMO	04/20/20-10/04/20	663,500
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 P41	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	Rapid Re-Housing (TLP)	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	Training	Fee for Service	Ongoing	N/A
N/A	N/A	Corporate Fund	Donations, Rent and Interest	Ongoing	N/A
Total CAI Discretionary Activity					
Total CAI Activity					
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
Total Subsidiary Activity					
GRAND TOTALS					

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

Schedule A-3 (Continued)
Schedule of Program Activity
Year Ended December 31, 2021

Net Assets (Deficit) 12/31/20	Refundable Advance Liability 12/31/20	Current Grant Revenue	Other Revenue	Expenses	Transfers	Refundable Advance Liability 12/31/21	Net Assets (Deficit) 12/31/21
0	0	2,250	0	(2,250)	0	0	0
0	0	0	35,090	(35,090)	0	0	0
70,000	0	0	0	0	0	0	70,000
1,600,800	0	0	43,924	40,746	(119,883)	0	1,565,587
5,361	0	0	0	0	0	0	5,361
19,658	0	0	0	0	0	0	19,658
0	0	0	130,000	(99,108)	0	0	30,892
108,800	0	0	86,440	(84,859)	0	0	110,381
631	0	0	32,501	(13,132)	0	0	20,000
0	0	0	168,149	(118,119)	0	0	50,030
0	0	0	800	0	0	0	800
3,824,319	255,835	1,983,859	502,502	(2,257,199)	(114,432)	(381,462)	3,813,422
3,824,319	334,797	7,469,496	502,502	(7,720,144)	(117,611)	(479,937)	3,813,422
0	0	0	0	1,089	(1,089)	0	0
333,115	0	0	0	240,781	0	0	573,896
333,115	0	0	0	241,870	(1,089)	0	573,896
0	408,393	(408,393)	0	0	0	0	0
3,091	0	0	992,992	(1,080,511)	8,714	0	(75,714)
0	0	0	71,382	(71,382)	0	0	0
0	0	0	30,660	(30,660)	0	0	0
0	0	0	101,117	(92,403)	(8,714)	0	0
(57,161)	0	0	15,600	(13,517)	0	0	(55,078)
0	0	0	27,040	(36,855)	9,815	0	0
0	0	0	26,763	(26,763)	0	0	0
0	0	0	1,100	(1,100)	0	0	0
0	0	0	7,852	(7,852)	0	0	0
0	0	0	500	(500)	0	0	0
0	0	0	0	(108,255)	108,255	0	0
0	0	0	850	(850)	0	0	0
39,336	0	0	31,125	(24,656)	(45,805)	0	0
1,394,188	0	0	209,893	(429,921)	46,435	0	1,220,595
1,379,454	408,393	(408,393)	1,516,874	(1,925,225)	118,700	0	1,089,803
5,536,888	743,190	7,061,103	2,019,376	(9,403,499)	0	(479,937)	5,477,121
1,401,229	0	0	190,006	(242,065)	0	0	1,349,170
549,574	0	0	329,461	(391,155)	0	0	487,880
287,731	0	0	174,452	(176,831)	0	0	285,352
189,514	0	0	165,225	(181,032)	0	0	173,707
2,428,048	0	0	859,144	(991,083)	0	0	2,296,109
7,964,936	743,190	7,061,103	2,878,520	(10,394,582)	0	(479,937)	7,773,230
Reconciliation of Grant and Contract Revenue With Statement of Activities:				Reconciliation of Other Revenue With Statement of Activities:			
Prior year refundable advance liability			743,190	Fee for services revenue			832,192
Current grant revenue			7,061,103	Program and other contributions			1,027,583
Current year refundable advance liability			(479,937)	Rental income			965,313
				Investment income			53,432
TOTAL			7,324,356				2,878,520

See Independent Auditor's Report.

Community Action, Inc. of Rock and Walworth Counties

Schedule B-1

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2021

Federal Grantor/Pass-Through Grantor/Program Title	AL Number	Grant Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed-Through Wisconsin Department of Public Instruction USDA Reimbursement	10,558	53-6801	\$ 60,000
Passed-Through Southwest Wisconsin Workforce Development Board SNAP Cluster:			
FSET-Fatherhood-Rock	10,561	FY21-CAI-FSET	67,018
Passed-Through Wisconsin Department of Health Services Food Distribution Cluster:			
Temporary Emergency Food Assistance Program	10,568	435100-G-21-210484-190	59,989
Temporary Emergency Food Assistance Program - Equipment		435100-G21-TEFAP_EQUIP-00	190,591
Temporary Emergency Food Assistance Program		435100-G-22-210484-290	27,824
Subtotal 10,568			278,404
Commodity Food Program	10,569	N/A	866,770
Subtotal Food Distribution Cluster AL #10,568 and #10,569			1,145,174
SUBTOTAL U.S. DEPARTMENT OF AGRICULTURE			1,272,192
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed-Through City of Beloit CDBG - Entitlement Grants Cluster:			
COVID-19 Community Development Block Grant-Cares Act 2	14,218	94520966-2021-CV	98,321
COVID-19 Community Development Block Grant-Cares Act 3		94520966-2021-CV3	30,070
Community Development Block Grant		B-19-MC-55-0013	(3,000)
Community Development Block Grant		94520966-2021	102,352
Passed-Through City of Janesville			
COVID-19 Community Development Block Grant-Cares Act		B-20-MW-55-0014	89,593
Community Development Block Grant		B-21-MC-55-0014	4,700
Community Development Block Grant		B-19-MC-55-0014	10,000
Subtotal CDBG - Entitlement Grants Cluster #14,218			332,036
Passed-Through YMCA of Rock County			
COVID-19 Emergency Solutions Grant-Cares Act	14,231	20-21ESG-CV-22-CAI	632,767
Emergency Solutions Grant		20-21EHH20-23-CAI	7,548
Emergency Solutions Grant		21-22EHH21-23-CAI	2,080
Subtotal 14,231			642,395
Passed-Through City of Beloit HOME Investment Partnership	14,239	1431	58,439
Passed-Through Wisconsin Department of Administration			
HUD Continuum of Care-HAP	14,267	CAI_PSH	24,497
HUD Continuum of Care-SSO		Rock Walworth	21,105
HUD Continuum of Care-SSO		Rock Walworth	25,972
Direct Funding			
HUD Continuum of Care		WI0202L5I001801	318,570
HUD Permanent Supportive Housing		WI0203L5I002003	70,007
HUD Permanent Supportive Housing		WI0203L5I001902	164,251
Subtotal 14,267			624,402
SUBTOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			1,657,272
U.S. DEPARTMENT OF LABOR			
Direct Grant Youthbuild	17,274	YB-32961-18-60-A-55	98,865
SUBTOTAL U.S. DEPARTMENT OF LABOR			98,865

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, 2021

Federal Grantor/Pass-Through Grantor/Program Title	AL Number	Grant Number	Federal Expenditures
U.S. DEPARTMENT OF TREASURY			
Passed-Through Wisconsin Department of Administration			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	ARPA-BTC-130	308,812
COVID-19 Coronavirus State and Local Fiscal Recovery Funds		SSHG 21-05	11,117
Subtotal 21.027			<u>319,929</u>
Passed-Through Wisconsin Department of Administration			
COVID-19 Coronavirus Relief Act - Wisconsin Rental Assistance Program	21.019	WRAP 20-05	233,928
COVID-19 Coronavirus Relief Act - Wisconsin Rental Assistance Program		WERA 22-104	355
Subtotal 21.019			<u>234,283</u>
SUBTOTAL U.S. DEPARTMENT OF TREASURY			554,212
U.S. DEPARTMENT OF ENERGY (DOE)			
Passed-Through Wisconsin Department of Administration			
Weatherization Assistance DOE	81.042	WX 2021.03	173,470
Weatherization Assistance DOE		WX 2122.03	177,835
Subtotal 81.042			<u>351,305</u>
SUBTOTAL U.S. DEPARTMENT OF ENERGY			351,305
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed-Through Wisconsin Department of Health Services			
Personal Responsibility Education Program	93.092	435100-G-21-210484-190	100,000
Personal Responsibility Education Program		435100-G-22-210484-290	26,128
Subtotal 93.092			<u>126,128</u>
Passed-Through Wisconsin Department of Children & Families			
Transitional Jobs	93.558	437004-G16-0000742-000-01	51,812
Transitional Jobs		437004-G16-0000742-R02-01	42,857
Passed-Through Wisconsin Department of Administration			
Homeless Case Management Services Grant		HCMMSG 21-02	6,228
Homeless Case Management Services Grant		HCMMSG 19-02	70,681
Subtotal 93.558			<u>171,578</u>
Passed-Through Wisconsin Department of Administration			
Weatherization Assistance EAP	93.568	WX 2021.03	342,085
Weatherization Assistance EAP		WX 2122.03	48,882
Subtotal 93.568			<u>390,967</u>
Passed-Through Wisconsin Department of Children & Families			
Community Service Block Grant	93.569	437004-G21-0001717-000-04	333,560
COVID-19 Community Service Block Grant-Cares Act		N/A	238,585
Subtotal 93.569			<u>572,145</u>
Passed-Through Rock County Human Services			
Urban Youth Prevention Program	93.959	HSD_2020_0078	65,400
SUBTOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			1,326,218
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
Passed-Through Serve Wisconsin			
Americorps	94.006	19NDHMA003003	102,619
Americorps		19NDHMA003003	31,079
Americorps		19NDHMA003003	40,256
Subtotal 94.006			<u>173,954</u>
SUBTOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			173,954
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed-Through United Way of Walworth County			
Emergency Food & Shelter Program (EFSP)	97.024	N/A	32,106
SUBTOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			32,106
TOTAL FEDERAL EXPENDITURES			\$ 5,466,124

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, 2021

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, 2021. 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, 2021

	Community Action, Inc. of Rock & Walworth *	Beloit Assisted Living, Inc.
<i>Assets</i>		
Current assets:		
Cash	\$ 590,976	\$ 9,930
Restricted cash	52,000	39,310
Grants receivable	856,304	0
Accounts receivable, net	49,614	15,303
Weatherization inventory	246,868	0
Housing inventory	276,817	0
Commodity food inventory	74,448	0
Prepaid expenses and other assets	54,640	1,450
Total current assets	2,201,667	65,993
Other assets:		
Investments	513,828	0
Loans receivable - Housing partnerships, net	1,849,516	0
Loans receivable - Housing, net	884,119	0
Total other assets	3,247,463	0
Property and equipment, net	1,379,255	1,309,499
TOTAL ASSETS	\$ 6,828,385	\$ 1,375,492
<i>Liabilities and Net Assets</i>		
Current liabilities:		
Current portion of mortgages payable	\$ 0	\$ 0
Line of credit	350,000	0
Accounts payable	239,812	1,645
Accrued payroll and related expenses	158,450	1,513
Other liabilities	0	23,164
Refundable advance liability	479,937	0
Total current liabilities	1,228,199	26,322
Long-term liabilities:		
Operating loan payable - related party	0	0
Mortgages payable	15,000	0
Other liability	108,065	0
Total long-term liabilities	123,065	0
Total liabilities	1,351,264	26,322
Net assets:		
Without donor restrictions	1,149,871	1,349,170
Without donor restrictions - Board designated	513,828	0
Total without donor restrictions	1,663,699	1,349,170
With donor restrictions	3,813,422	0
Total net assets	5,477,121	1,349,170
TOTAL LIABILITIES AND NET ASSETS	\$ 6,828,385	\$ 1,375,492

* 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, 2021

<i>Assets</i>	Low-Income Housing Partnerships **	Subtotal	Eliminations	Consolidated
Current assets:				
Cash	\$ 43,990	\$ 644,896	\$ 0	\$ 644,896
Restricted cash	446,713	538,023	0	538,023
Grants receivable	0	856,304	0	856,304
Accounts receivable, net	8,581	73,498	(5,258)	68,240
Weatherization inventory	0	246,868	0	246,868
Housing inventory	0	276,817	0	276,817
Commodity food inventory	0	74,448	0	74,448
Prepaid expenses and other assets	1,757	57,847	0	57,847
Total current assets	501,041	2,768,701	(5,258)	2,763,443
Other assets:				
Investments	0	513,828	0	513,828
Loans receivable - Housing partnerships, net	0	1,849,516	(1,629,516)	220,000
Loans receivable - Housing, net	0	884,119	0	884,119
Total other assets	0	3,247,463	(1,629,516)	1,617,947
Property and equipment, net	3,311,367	6,000,121	0	6,000,121
TOTAL ASSETS	\$ 3,812,408	\$ 12,016,285	(\$ 1,634,774)	\$ 10,381,511
<i>Liabilities and Net Assets</i>				
Current liabilities:				
Current portion of mortgages payable	\$ 22,786	\$ 22,786	\$ 0	\$ 22,786
Line of credit	0	350,000	0	350,000
Accounts payable	14,235	255,692	0	255,692
Accrued payroll and related expenses	0	159,963	0	159,963
Other liabilities	83,520	106,684	0	106,684
Refundable advance liability	0	479,937	0	479,937
Total current liabilities	120,541	1,375,062	0	1,375,062
Long-term liabilities:				
Operating loan payable - related party	5,258	5,258	(5,258)	0
Mortgages payable	2,739,670	2,754,670	(1,629,516)	1,125,154
Other liability	0	108,065	0	108,065
Total long-term liabilities	2,744,928	2,867,993	(1,634,774)	1,233,219
Total liabilities	2,865,469	4,243,055	(1,634,774)	2,608,281
Net assets:				
Without donor restrictions	946,939	3,445,980	0	3,445,980
Without donor restrictions - Board designated	0	513,828	0	513,828
Total without donor restrictions	946,939	3,959,808	0	3,959,808
With donor restrictions	0	3,813,422	0	3,813,422
Total net assets	946,939	7,773,230	0	7,773,230
TOTAL LIABILITIES AND NET ASSETS	\$ 3,812,408	\$ 12,016,285	(\$ 1,634,774)	\$ 10,381,511

* 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, 2021

	Community Action, Inc. of Rock & Walworth *	Beloit Assisted Living, Inc.	Low-Income Housing Partnerships **	Eliminations	Consolidated
Revenue:					
Grant and contract revenue	\$ 7,324,356	\$ 0	\$ 0	\$ 0	\$ 7,324,356
Fee for services revenue	799,933	1,139	31,120	0	832,192
Program and other contributions	1,027,583	0	0	0	1,027,583
Rental income	138,707	188,850	637,756	0	965,313
Investment income	53,153	17	262	0	53,432
Net assets released from restriction through satisfaction of program restrictions	0	0	0	0	0
Total revenue	9,343,732	190,006	669,138	0	10,202,876
Expenses:					
Salaries and wages	3,424,928	28,022	36,275	0	3,489,225
Fringe benefits	684,666	0	0	0	684,666
Consultants/contractual	215,993	40,094	97,545	0	353,632
Travel	72,140	0	0	0	72,140
Occupancy	529,172	31,786	91,910	0	652,868
Supplies	452,376	11,219	84,795	0	548,390
Weatherization materials	963,969	0	0	0	963,969
Client/participant costs	1,958,409	0	0	0	1,958,409
Depreciation	179,986	57,888	90,328	0	328,202
Commodities distributed	866,770	0	0	0	866,770
Other	55,090	73,056	42,467	0	170,613
Project expenses	0	0	305,698	0	305,698
Total expenses	9,403,499	242,065	749,018	0	10,394,582
Change in net assets	(59,767)	(52,059)	(79,880)	0	(191,706)
Net assets at beginning of year	5,536,888	1,401,229	1,026,819	0	7,964,936
Net assets at end of year	\$ 5,477,121	\$ 1,349,170	\$ 946,939	\$ 0	\$ 7,773,230

* 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, 2021

<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	\$ 24,274	\$ 13,798	\$ 5,918	\$ 43,990
Restricted cash	109,096	221,315	116,302	446,713
Accounts receivable, net	6,361	278	1,942	8,581
Prepaid expenses and other assets	614	402	741	1,757
Total current assets	140,345	235,793	124,903	501,041
Property and equipment, net	1,146,929	1,066,282	1,098,156	3,311,367
TOTAL ASSETS	\$ 1,287,274	\$ 1,302,075	\$ 1,223,059	\$ 3,812,408
<i>Liabilities and Net Assets</i>				
Current liabilities:				
Current portion of mortgages payable	\$ 18,636	\$ 1,399	\$ 2,751	\$ 22,786
Accounts payable	9,044	2,302	2,889	14,235
Other liabilities	33,035	27,065	23,420	83,520
Total current liabilities	60,715	30,766	29,060	120,541
Long-term liabilities:				
Operating loan payable - related party	5,258	0	0	5,258
Mortgages payable	733,421	985,957	1,020,292	2,739,670
Total long-term liabilities	738,679	985,957	1,020,292	2,744,928
Total liabilities	799,394	1,016,723	1,049,352	2,865,469
Net assets:				
Without donor restrictions	487,880	285,352	173,707	946,939
TOTAL LIABILITIES AND NET ASSETS	\$ 1,287,274	\$ 1,302,075	\$ 1,223,059	\$ 3,812,408

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

Schedule F

Statement of Activities - Low-Income Housing Partnerships

Year Ended December 31, 2021

	Beloit Mature Adult Housing, LLC	Delavan Mature Adult Housing, LLC	Evansville Senior Housing, LP	Low-Income Housing Partnerships Subtotal
Revenue:				
Fee for services revenue	\$ 22,672	\$ 1,739	\$ 6,709	\$ 31,120
Rental income	306,638	172,636	158,482	637,756
Investment income	151	77	34	262
Total revenue	329,461	174,452	165,225	669,138
Expenses:				
Salaries and wages	36,275	0	0	36,275
Consultants/contractual	97,545	0	0	97,545
Occupancy	91,910	0	0	91,910
Supplies	84,795	0	0	84,795
Depreciation	38,163	25,131	27,034	90,328
Other	42,467	0	0	42,467
Project expenses	0	151,700	153,998	305,698
Total expenses	391,155	176,831	181,032	749,018
Change in net assets	(61,694)	(2,379)	(15,807)	(79,880)
Net assets at beginning of year	549,574	287,731	189,514	1,026,819
Net assets at end of year	\$ 487,880	\$ 285,352	\$ 173,707	\$ 946,939

Community Action, Inc. of Rock and Walworth Counties

Schedule G

Schedule of Emergency Furnace Activity by Contract

Year Ended December 31, 2021

Contract #	Prior Audit		Current Audit		True up		Net Contract		Prior Audit		Current Audit		Contract to	
	Period Cash		Period Cash		Received		to Date Cash		Period		Period		Date	
	Received		Received		(Paid)		Received		Expenses		Expenses		Expenses	
WX 2021.03	\$ 76,949	\$	250,107	\$	0	\$	327,056	\$	103,864	\$	223,192	\$	327,056	
WX 2022.03	0		46,711		0		46,711		0		100,580		100,580	
	<u>\$ 76,949</u>	<u>\$</u>	<u>296,818</u>	<u>\$</u>	<u>0</u>	<u>\$</u>	<u>373,767</u>	<u>\$</u>	<u>103,864</u>	<u>\$</u>	<u>323,772</u>	<u>\$</u>	<u>427,636</u>	

Community Action, Inc. of Rock and Walworth Counties

Schedule H

DHS Cost Reimbursement Award Schedule

Year Ended December 31, 2021

DHS Identification number	TEFAP/EFO's CARS profile 70010	TEFAP/EFO's N/A	TEFAP/EFO's CARS profile 70010	PREP CARS profile 159354	PREP CARS profile 159354
Award amount	\$76,708	\$190,591	\$60,825	\$100,000	\$100,000
Award period	10/01/20-09/30/21	10/01/20-09/30/21	10/01/21-09/30/22	10/01/20-09/30/21	10/01/21-09/30/22
Period of award within audit period	01/01/21-09/30/21	01/01/21-09/30/21	10/01/21-12/31/21	01/01/21-09/30/21	10/01/21-12/31/21
A. Expenditures reported to DHS or revenue received	\$ 59,989	\$ 190,591	\$ 27,824	\$ 26,128	\$ 100,000
B. Actual allowable cost of award reported in audit					
1. Employee Salaries and Wages	26,572	0	18,350	18,501	68,113
2. Employee Fringe Benefits	2,368	0	1,079	1,395	4,219
3. Payroll Taxes	2,033	0	1,403	0	5,211
4. Rent or Occupancy	3,872	0	341	2,655	7,613
5. Professional Services	9,851	0	3,344	2,636	10,289
6. Employee Travel	299	0	199	352	6
7. Conferences, Meetings or Education	0	0	0	0	0
8. Employee Licenses and Dues	0	0	0	0	0
9. Supplies	11,493	0	0	419	598
10. Telephone	3,501	0	994	0	0
11. Equipment	0	190,591	2,114	0	0
12. Depreciation	0	0	0	0	0
13. Utilities	0	0	0	0	0
14. Bad Debts	0	0	0	0	0
15. Postage and Shipping	0	0	0	0	0
16. Insurance	0	0	0	0	0
17. Interest	0	0	0	0	0
18. Bank Fees and Charges	0	0	0	0	0
19. Advertising and Marketing	0	0	0	0	0
20. Other	0	0	0	170	3,951
Total operating costs of award	59,989	190,591	27,824	26,128	100,000
C. Less disallowed costs	0	0	0	0	0
D. Less program revenue and other offsets to costs	0	0	0	0	0
E. Net allowable operating costs before profit	59,989	190,591	27,824	26,128	100,000
F. Add allowable profit	0	0	0	0	0
G. Total Allowable Costs	\$ 59,989	\$ 190,591	\$ 27,824	\$ 26,128	\$ 100,000

See Independent Auditor's Report.

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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, 2021, 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 22, 2022. 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.

Report on 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.

Report on 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.

Wipfli LLP

Wipfli LLP

June 22, 2022
Madison, Wisconsin

Independent Auditor's Report on Compliance for Each Major Federal and State Program and Internal Control Over Compliance Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal and State Program

Opinion on 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 identified as subject to audit in *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, 2021. 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, 2021, 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.

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, 2021.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Community Action, Inc. of Rock & Walworth Counties' and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program and state programs. Our audit does not provide a legal determination of Community Action, Inc. of Rock & Walworth Counties' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable Community Action, Inc. of Rock & Walworth Counties' federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Community Action, Inc. of Rock & Walworth Counties' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, *State Single Audit Guidelines*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about Community Action, Inc. of Rock & Walworth Counties' compliance with the requirements of the major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, *State Single Audit Guidelines*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Community Action, Inc. of Rock & Walworth Counties' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Community Action, Inc. of Rock & Walworth Counties' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Community Action, Inc. of Rock & Walworth Counties' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Wipfli LLP

June 22, 2022
Madison, Wisconsin

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

Schedule of Findings and Questioned Costs Year Ended December 31, 2021

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?	None Reported
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?	None Reported
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>AL No.</u>
Food Distribution Cluster	10.568 & 10.569
Weatherization	81.042
Low-Income Home Energy Assistance Program	93.568

<u>Name of State Major Program or Cluster</u>	<u>State ID No.</u>
Public Benefits Program	505.371
Dollar threshold used to distinguish between Type A and Type B programs:	
Federal	\$750,000
State	250,000

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

None

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

Schedule of Findings and Questioned Costs Year Ended December 31, 2021

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



Date of report

Mike Webber, CPA
June 22, 2022

