

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

Beloit, Wisconsin

Consolidated Financial Statements
and Supplementary Information

Year Ended December 31, 2022



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

Consolidated Financial Statements and Supplementary Information
Year Ended December 31, 2022

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Independent Auditor's Report

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

Report on the 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, 2022, 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, 2022, 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*.

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 and *Government 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 and 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, 2021, 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, 2021, consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of those consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the prior year expenses included on the 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, 2023, 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

June 22, 2023
Madison, Wisconsin

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

Consolidated Statement of Financial Position

December 31, 2022

<i>Assets</i>	
Current assets:	
Cash	\$ 907,366
Restricted cash	593,894
Grants receivable	669,759
Accounts receivable, net	84,214
Weatherization inventory	109,053
Housing inventory	191,524
Commodity food inventory	52,022
Prepaid expenses and other assets	134,240
Total current assets	2,742,072
Other assets:	
Investments	421,715
Loans receivable - Housing, net	746,813
Right of use asset, operating	795,457
Total other assets	1,963,985
Property and equipment, net	5,803,397
TOTAL ASSETS	\$ 10,509,454

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

Consolidated Statement of Financial Position (Continued)

December 31, 2022

<i>Liabilities and Net Assets</i>	
Current liabilities:	
Current portion of mortgages payable	\$ 24,019
Accounts payable	203,539
Accrued payroll and related expenses	101,975
Other liabilities	121,059
Refundable advance liability	361,907
Current portion of operating lease obligation	103,855
Total current liabilities	916,354
Long-term liabilities:	
Mortgages payable	1,106,370
Operating lease obligation	796,340
Total long-term liabilities	1,902,710
Total liabilities	2,819,064
Net assets:	
Without donor restrictions - CAI	1,401,161
Without donor restrictions - BALI	1,315,350
Without donor restrictions - Board designated	421,715
Without donor restrictions - Low-Income housing partnerships	879,809
Total without donor restrictions	4,018,035
With donor restrictions - CAI	3,672,355
Total net assets	7,690,390
TOTAL LIABILITIES AND NET ASSETS	\$ 10,509,454

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

Consolidated Statement of Activities

Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Grant and contract revenue	\$ 5,895,322	\$ 124,927	\$ 6,020,249
Food commodities received	751,711	0	751,711
Fee for services revenue	786,832	0	786,832
Program and other contributions	1,333,633	104,638	1,438,271
Rental income	1,013,917	0	1,013,917
Investment loss	(90,043)	0	(90,043)
Net assets released from restriction through satisfaction of program restrictions	370,632	(370,632)	0
Total revenue	10,062,004	(141,067)	9,920,937
Expenses:			
Program activities:			
Weatherization/energy assistance	1,275,811	0	1,275,811
Housing and housing rehabilitation	3,009,349	0	3,009,349
Employment training	890,035	0	890,035
Food programs	878,634	0	878,634
Child programs	1,149,130	0	1,149,130
Community services programs	773,839	0	773,839
Other	27,037	0	27,037
Homeless/shelter programs	726,397	0	726,397
Health Care	216,081	0	216,081
Total program activities	8,946,313	0	8,946,313
Support services:			
Fund-raising	166,667	0	166,667
Management and general	890,797	0	890,797
Total supportive services	1,057,464	0	1,057,464
Total expenses	10,003,777	0	10,003,777
Change in net assets	58,227	(141,067)	(82,840)
Net assets at beginning of year	3,959,808	3,813,422	7,773,230
Net assets at end of year	\$ 4,018,035	\$ 3,672,355	7,690,390

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

Consolidated Statement of Functional Expenses

Year Ended December 31, 2022

	Program Services	Management and General	Fundraising	Total Expenses
Salaries and wages	\$ 2,635,295	\$ 578,607	\$ 77,049	\$ 3,290,951
Fringe benefits	616,457	127,164	32,490	776,111
Consultants/contractual	89,249	110,536	24,719	224,504
Travel	87,365	3,334	183	90,882
Occupancy	340,617	44,931	5,935	391,483
Supplies	514,740	11,324	2,965	529,029
Weatherization materials	516,373	0	0	516,373
Client/participant costs	1,929,712	0	0	1,929,712
Depreciation	360,419	0	0	360,419
Commodities distributed	751,711	0	0	751,711
Other	260,711	14,901	23,326	298,938
Project expenses	843,664	0	0	843,664
Total expenses	\$ 8,946,313	\$ 890,797	\$ 166,667	\$ 10,003,777

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

Consolidated Statement of Cash Flows

Year Ended December 31, 2022

Increase (decrease) in cash and restricted cash:	
Cash flows from operating activities:	
Change in net assets	(\$ 82,840)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	360,419
Amortized interest expense	1,186
Loss on disposal of property and equipment	2,301
Realized and unrealized loss on investments	95,731
Provision allowance for uncollectible accounts receivable	4,531
Write down of housing inventory	36,043
Provision allowance for loan losses	254,487
Net change in discount on loans receivable	(62,383)
Non-cash lease costs	(3,327)
Changes in operating assets and liabilities:	
Grants receivable	186,545
Accounts receivable	(20,505)
Weatherization inventory	137,815
Housing inventory	49,250
Prepaid expenses and other assets	(76,393)
Accounts payable	(52,153)
Accrued payroll and related expenses	(57,988)
Other liabilities	14,375
Refundable advance liability	(95,604)
Net cash provided by operating activities	691,490
Cash flows from investing activities:	
Capital expenditures	(165,996)
Purchase of investments	(3,618)
Collections on loans receivable	165,202
Net cash used in investing activities	(4,412)
Cash flows from financing activities:	
Payments on mortgages payable	(368,737)
Net cash used in financing activities	(368,737)
Change in cash and restricted cash	318,341
Cash and restricted cash - Beginning of year	1,182,919
Cash and restricted cash - End of year	\$ 1,501,260
Supplemental schedule of operating activities:	
Interest paid and expensed	\$ 38,405
Supplemental schedule of noncash operating and investing activity:	
Change in commodity food inventory/refundable advance liability	22,426
Reconciliation of cash and restricted cash to statement of financial position at December 31, 2022	
Cash	907,366
Restricted cash	593,894
Total cash and restricted cash	1,501,260

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 16% of grant revenue was received from the State of Wisconsin under the Weatherization program, 12% of grant revenue was from the state of Wisconsin for the Temporary Emergency Food Assistance and Commodity Food programs, and 10% of grant revenue was received from the state of Wisconsin and Housing and Urban Development for the Continuum of Care 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, 2022.

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 of America 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 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 \$733,945 in 2022, 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, 2022, 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 \$7,432 and \$11,960 at December 31, 2022 and 2021, respectively.

There were no contract assets or contract liabilities at December 31, 2022 or 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 \$389,000 during the year ended December 31, 2022, 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 operating 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 \$3,022 at December 31, 2022.

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 \$583,026 at December 31, 2022.

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 13.70% 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.

Recently Adopted Accounting Pronouncements

The Organization adopted FASB ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*, as of January 1, 2022. The amendments in this update require entities to present contributed nonfinancial assets as a separate line item in the consolidated statements of activities, expand disclosures on the various contributed nonfinancial assets recognized, including disaggregated category types, the valuation techniques and inputs used to arrive at fair value, and the policy for either monetizing or utilizing contributed nonfinancial assets. ASU No. 2020-07 has been applied retrospectively to all periods presented. There was no change to reported assets or the change in net assets for either year presented.

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

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Recently Adopted Accounting Pronouncement (Continued)

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. ASU No. 2016-02 is intended to improve financial reporting of leasing transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases on the balance sheet. This accounting update also requires additional disclosures surrounding the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted this guidance for the year ended December 31, 2022, with modified retrospective application to January 1, 2022, through a cumulative-effect adjustment. The Organization has elected the package of practical expedients permitted in ASC Topic 842.

Accordingly, the Organization accounted for its existing operating leases as operating leases under the new guidance, without reassessing (a) whether the contracts contain a lease under ASC Topic 842, (b) whether the classification of the leases would be different in accordance with ASC Topic 842, or (c) whether any unamortized initial direct costs before transition adjustments (as of December 31, 2021) would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. Similarly, the Organization did not reassess service contracts evaluated for lease treatment under ASC Topic 840 for embedded leases under ASC Topic 842.

As a result of the adoption of the new lease accounting guidance, the Organization recognized the following right-of-use (ROU) assets and lease liabilities as of January 1, 2022:

Right of use leased assets	\$893,352
Operating lease liability	\$1,001,417

This standard did not have a material impact on the Organization's net assets or cash flows from operations and had an immaterial impact on its operating results. The most significant impact was the recognition of the ROU assets and lease obligations for operating leases.

Leases

CAI is a lessee in multiple noncancelable operating leases. If the contract provides CAI the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The ROU asset is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense (income) in the future period in which they are incurred.

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

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Recently Adopted Accounting Pronouncement (Continued)

CAI has elected to use a risk-free rate for a term similar to the underlying lease as the discount rate if the implicit rate in the lease contract is not readily determinable.

The ROU asset for operating leases is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. For operating leases with lease payments that fluctuate over the lease term, the total lease costs are recognized on a straight-line basis over the lease term.

For all underlying classes of assets, CAI has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that CAI is reasonably certain to exercise. Leases containing termination clauses in which either party may terminate the lease without cause and the notice period is less than 12 months are deemed short-term leases with lease costs included in short-term lease expense. CAI recognizes short-term lease cost on a straight-line basis over the lease term.

CAI made an accounting policy election for building space and office equipment to not separate the lease components of a contract and its associated non-lease components including lessor-provided maintenance. For all other underlying classes of assets, CAI separates lease and non-lease components to determine the lease payment.

Subsequent Events

Subsequent events have been evaluated through June 22, 2023, which is the date the consolidated financial statements were available to be issued.

Note 2: Liquidity and Availability

As of December 31, 2022, 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	\$	907,366
Grants receivable		669,759
Accounts receivable		84,214
Less: refundable advance liability included in financial assets	(252,854)
Less: net assets with donor restrictions included in financial assets	(1,148,898)
<u>Total financial assets available</u>		<u>\$ 259,587</u>

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

Notes to Consolidated Financial Statements

Note 2: Liquidity and Availability

In accordance with the Organization's policies, the Finance Director monitors cash flow needs on a daily basis to eliminate idle funds and to ensure that payment obligations can be met. In addition to the financial assets available, CAI has access to draw on its line of credit of \$750,000, and with approval from the Board of Directors, has access to convert investments to cash. CAI can rely on a lower cash balance as it is primarily funded with cost reimbursement grants. Under cost reimbursement grants, once expenses are incurred, an organization can request reimbursement from the funding source. CAI has grant commitments for future expenses of approximately \$4,752,000 at December 31, 2022.

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, 2022, consisted of the following.

CAI reserve for unemployment claims	\$	55,300
BALI reserves and security deposits		55,011
BMAH reserves and security deposits		126,081
DMAH reserves and security deposits		225,582
ESH reserves and security deposits		131,920
Total	\$	593,894

Note 5: Grants Receivable

Grants receivable at December 31, 2022, consisted of the following:

State programs	\$	40,696
Federal programs		402,216
Other programs		226,847
Total	\$	669,759

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

Notes to Consolidated Financial Statements

Note 6: Accounts Receivable, Net

Accounts receivable, net, at December 31, 2022, consisted of funds due for the following activities:

CAI miscellaneous activities, net of \$3,022 allowance for uncollectible amounts	\$	39,559
BALI, BMAH, DMAH, and ESH rental activities		44,655
Total	\$	84,214

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, 2022, investments consist of the following:

Money market fund	\$	9,256
Equity and fixed income funds		412,459
Total	\$	421,715

Total investment loss for the year ended December 31, 2022, was as follows:

Interest and dividends	\$	9,789
Realized and unrealized loss on investments	(95,731)
Fees	(4,101)
Investment loss	(\$	90,043)

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. During 2022, CAI wrote off \$220,000 in State of Wisconsin CHDO funds loaned to Mulberry Grove, LLC.

Note 9: Weatherization Inventory

As of December 31, 2022, CAI's inventory of weatherization material included the following:

Materials inventory	\$	5,834
Work in process		103,219
Total	\$	109,053

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

Notes to Consolidated Financial Statements

Note 10: Housing Inventory

The inventory of houses included the following:

Beginning cost of house inventory	\$ 276,817
Current year additions	454,584
Current year cost of sales	(503,834)
Current year write-down (lower of cost or net realizable value)	(36,043)
<u>Ending cost of house inventory</u>	<u>\$ 191,524</u>

CAI has purchased older homes in Rock and Walworth counties to repair and sell in an effort to provide affordable housing and to stimulate private redevelopment in these locations. The homes were severely worn, required significant demolition prior to repair, and required major repairs. Four of the homes in the Beloit Merrill Neighborhood were completely demolished and the remaining lots may be held for future development or may be sold with the adjacent house being repaired to reduce the density in the neighborhood. The write-down is based upon the costs to acquire and do repairs less than estimated market value based upon the percentage of repairs completed times the estimated average market value. CAI is making every effort to cover the acquisition, repair, and write-down costs with grants and donations.

Note 11: Loans Receivable - Housing

CAI operates several programs that provide assistance to participants for housing. Unless noted otherwise, the funds were received from the State of Wisconsin, Department of Administration. The assistance is provided in the form of various low- or no-interest deferred or installment loans. As detailed more fully below, the loans are due and payable on the occurrence of various events including sale, transfer, or reassignment of the property, death of the homeowner, the homeowner no longer occupying the property, refinancing, or the passage of time. Unless otherwise noted below, any repaid loans and interest are to be used by CAI for similar purposes.

A summary of loans receivable - housing as of December 31, 2022, 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.	45,564
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.	111,017

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

Notes to Consolidated Financial Statements

Note 11: Loans Receivable – Housing (Continued)

CAI received a HOME grant 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.	119,226
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.	327,784
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.	387,011
Total loans receivable - Housing	1,108,088
Allowance for uncollectible	(261,150)
Expected revolving loans to be received	846,938
Discounted at 4.5%	(100,125)
Long-term loans receivable, net	\$ 746,813

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, 2022, the allowance for loan losses change is as follows:

Balance at the beginning of the year	\$ 281,172
Provision for loan losses	254,487
Charge-offs	(274,509)
Balance at the end of year	\$ 261,150

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

Notes to Consolidated Financial Statements

Note 11: Loans Receivable – Housing (Continued)

Total nonaccrual loans 414,343

The lead hazard reduction assistance and assigned HOME and HCRI loans above have been placed on nonaccrual status at December 31, 2022 given the fact that the loans are not payable until a certain event occurs. Interest income recognized on these loans was \$46,891 during 2022. There were no loans that were considered impaired as of December 31, 2022.

Note 12: Property and Equipment

A summary of property and equipment as of December 31, 2022, is as follows:

	Land	Building	Equipment	Total
CAI	\$ 224,600	\$ 3,195,365	\$ 582,357	\$ 4,002,322
BALI	4,141	2,258,021	30,840	2,293,002
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	8,752,158	630,492	10,094,111
Accumulated depreciation				(4,290,714)
Property and equipment, net				\$ 5,803,397

Note 13: Lease Assets and Obligations

CAI leases office space through an operating lease which expires in August 2030. The lease requires monthly payments of \$9,636 through August 2023 with annual rent increases through the term of the lease. The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise. The components of lease expense were as follows for the year ended December 31, 2022:

Lease cost	
Operating lease cost	\$ 110,791
Short-term operating lease cost	100,932
Total lease cost	\$ 211,723

The weighted-average of the remaining lease terms and weighted average discount rates are as follows for the year ended December 31, 2022:

Weighted-average remaining lease term - Operating leases	8 years
Weighted-average discount rate - Operating leases	1.48%

Operating cash flows from operating leases was \$114,118 for the year ended December 31, 2022.

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

Notes to Consolidated Financial Statements

Note 13: Lease Assets and Obligations (Continued)

Maturities of operating lease liabilities are as follows as of December 31, 2022:

2023	\$	116,479
2024		118,886
2025		121,103
2026		123,525
2027		125,995
Thereafter		348,420
<hr/>		
Total lease payments		954,408
Less imputed interest	(54,213)
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Subtotals		900,195
Less current portion		103,855
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Long-term portion	\$	796,340
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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% (6.71% at December 31, 2022). The maturity date of the mortgage is August 1, 2045. The mortgage is secured by BMAH's assets.

620,215

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.

126,990

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.

	249,742
Subtotals	1,157,172
Debt issuance costs of \$35,579, net of accumulated amortization of \$8,796	(26,783)
Current maturities of mortgages payable	(24,019)
Long-term mortgages payable	\$ 1,106,370

Future payments of mortgages payable are as follows:

2023	\$ 24,019
2024	25,203
2025	26,449
2026	27,759
2027	29,139
Thereafter	1,024,603
Total	\$ 1,157,172

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 7.27% (8.12% at December 31, 2022), and is collateralized by real property. There was no outstanding amount drawn on the line of credit at December 31, 2022.

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, 2022, net assets with donor restrictions are available for the following purposes:

Housing activities:	
Housing projects	\$ 1,855,385
Revolving loans - Housing	1,467,157
Housing activities subtotal	3,322,542
Funds available for vehicle loans	57,679
Twin Oaks contributions	86,279
Other	205,855
Total	\$ 3,672,355

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 \$143,907 for the year ended December 31, 2022.

Note 18: Rental Income

Rental income from the affordable housing projects, primarily under annual operating leases, during the year ended December 31, 2022, was \$873,671. 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, 2022, was \$140,246. As per the sublease agreements, guaranteed annual rental payments due to CAI are as follows:

2023	\$ 77,439
2024	24,821
Total rental payments to be received in the future	\$ 102,260

Note 19: Commitments and Contingencies

At December 31, 2022, CAI had commitments under various grants of approximately \$4,752,000. These commitments are not recognized in the accompanying consolidated financial statements as they are conditional awards.

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

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

Notes to Consolidated Financial Statements

Note 20: Sources of Revenue

Generally, revenue received is from government or private sources. The table below summarizes the sources of funds for 2022:

	Percentage	Amount
Government	66%	\$ 6,537,094
Private	34%	3,383,843
Totals	100%	\$ 9,920,937

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.

Information regarding the fair value of assets measured at fair value on a recurring basis as of December 31, 2022, 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	\$ 9,256	\$ 9,256	\$ 0
Equity and fixed income funds:			
Large cap funds	82,650	82,650	0
Mid cap funds	8,356	8,356	0
Small cap funds	15,440	15,440	0
International development funds	4,903	4,903	0
Emerging markets	31,210	31,210	0
Multi-strategy funds	129,943	129,943	0
Bonds	139,957	139,957	0
Totals	\$ 421,715	\$ 421,715	\$ 0

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

Notes to Consolidated Financial Statements

Note 21: Fair Value Measurements (Continued)

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, 2022, 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	\$ 191,524	\$ 0	\$ 0	\$ 191,524

Housing inventory with a carrying amount of \$227,567 was written down to its fair value of \$191,524 since this impairment was deemed to be other than temporary. As a result, an impairment charge of \$36,043 is included in the consolidated statement of activities for the year ended December 31, 2022.

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.

Note 22: Contributed Nonfinancial Assets

For the year ended December 31, 2022, contributed nonfinancial assets included food commodities received for \$729,285 on the statement of activities. Contributed food was utilized in the food programs and had no donor-imposed restrictions. CAI estimates the fair value on the basis of valuations provided by the State of Wisconsin.

Supplementary Information

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

Schedule A-1
Schedule of Program Activity
Year Ended December 31, 2022

Row	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						
1	10.558	53-6801	Community Kids Janesville (USDA)	State of WI Dept. of Public Instruction	10/01/22-09/30/23	N/A
2	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						
3	10.561	FY23-CAI-FSET	FSET-Fatherhood-Rock	Southwest WI Development Board	10/01/22-09/30/23	100,458
4	10.568	435100-G23-210484-390	Temporary Emerg. Food Asst. Prog.	State of WI Dept. of Health Services	10/01/22-09/30/23	35,325
5	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	87,420
Subtotal 10.568						
6	10.569	N/A	Commodity Food Program	State of WI Dept. of Health Services	01/01/22-12/31/22	N/A
Subtotal 10.568 & 10.569 Food Distribution Cluster						
Department of Housing and Urban Development						
7	14.218	94520966-2022	Community Development Block Grant- Neighborhood Revitalizaition Strategic Areas	City of Beloit	01/01/22-12/31/22	50,000
8	14.218	94520966-2022	CDBG-Merrill Community Center Youth and Senior Programs	City of Beloit	01/01/22-12/31/22	15,000
9	14.218	94520966-2022	CDBG-Fatherhood Initiative	City of Beloit	01/01/22-12/31/22	15,000
10	14.218	94520966-2022	CDBG-Fresh Start	City of Beloit	01/01/22-12/31/22	15,000
11	14.218	94520966-2022	CDBG-Neighborhood Clean-up	City of Beloit	01/01/22-12/31/22	8,000
12	14.218	B-19-MC-55-0014	CDBG-Fatherhood Initiative	City of Janesville	01/01/22-12/31/22	9,000
Subtotal 14.218 CDBG - Entitlement Grants Cluster						
13	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	14.231	22-23EHH22-24-CAI	Emergency Solutions Grant	YWCA of Rock County	07/01/22-06/30/23	24,574
15	14.231	21-22EHH21-23-CAI	Emergency Solutions Grant	YWCA of Rock County	07/01/21-09/30/22	22,679
Subtotal 14.231						
16	14.239	IDIS# 1431	HOME Investmnet Partnership - Rock	Rock County	11/02/20-07/31/22	55,697
17	14.239	IDIS# 1431	HOME Investmnet Partnership - Rock	City of Beloit	11/02/20-07/31/22	80,000
18	14.239	N/A	HOME Investmnet Partnership - Rock	City of Beloit	11/20/22-12/31/23	140,000
Subtotal 14.239						
19	14.267	CAI_PH-RRH	Housing Assistance Program	State of WI Dept. of Administration	07/01/22-09/30/23	16,250
20	14.267	Rock Walworth	Supportive Services Only	State of WI Dept. of Administration	07/01/21-06/30/22	32,177
21	14.267	Rock Walworth	Supportive Services Only	State of WI Dept. of Administration	07/01/22-06/30/23	32,177
22	14.267	WI0228D51002001	Supportive Services for Coordinated Entry	WI Balance of State Continuum of Care	09/01/21-08/31/22	11,800
23	14.267	WI0228D51002102	Supportive Services for Domestic Violence	WI Balance of State Continuum of Care	09/01/22-08/31/23	5,900
24	14.267	WI0202L51001801	HUD Continuum of Care	U.S. Dept. of HUD	09/01/19-12/31/22	481,305
25	14.267	WI0203L51002003	HUD Permanent Supportive Housing	U.S. Dept. of HUD	09/01/21-08/31/22	229,148
26	14.267	WI0203L51002104	HUD Permanent Supportive Housing	U.S. Dept. of HUD	09/01/22-08/31/23	234,206
Subtotal 14.267						
27	14.276	WI0258Y51001900	Supportive Services for Youth Homelessness Demonstration Project	WI Balance of State Continuum of Care	10/01/22-09/30/23	6,835
Subtotal 14.276						
Department of Labor						
28	17.274	YB-38180-22-60-A-55	Youth Build-Rock	U.S. Dept. of Labor	05/01/22-09/30/25	1,425,520
29	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
Subtotal 17.274						
Department of Treasury						
30	21.019	WRAP 20-05	COVID-19 Coronavirus Relief Fund - Wisconsin Rental Assistance Program	State of WI Dept. of Administration	01/01/21-02/28/22	276,525
31	21.019	WERA 22-104	COVID-19 Coronavirus Relief Fund - Wisconsin Rental Assistance Program	State of WI Dept. of Administration	09/01/21-09/30/25	378,559
Subtotal 21.019						
32	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
33	21.027	WAI.2022.CAI	COVID-19 Coronavirus State and Local Fiscal Recovery Funds	Southwest WI Development Board	10/01/21-09/30/23	36,000
34	21.027	WHH 21-04	COVID-19 Coronavirus State and Local Fiscal Recovery Funds	State of WI Dept. of Administration	12/01/21-09/30/26	200,000
35	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						

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

Schedule A-1 (Continued)
Schedule of Program Activity
Year Ended December 31, 2022

Row	Net Assets (Deficit) 12/31/21	Refundable Advance Liability 12/31/21	Current Grant Revenue	Other Revenue	Expenses	Transfers	Refundable Advance Liability 12/31/22	Net Assets (Deficit) 12/31/22
1	\$ 0	\$ 0	\$ 15,162	\$ 0	(\$ 15,162)	\$ 0	\$ 0	\$ 0
2	0	0	44,203	0	(44,203)	0	0	0
	<u>0</u>	<u>0</u>	<u>59,365</u>	<u>0</u>	<u>(59,365)</u>	<u>0</u>	<u>0</u>	<u>0</u>
3	0	0	14,560	0	(14,560)	0	0	0
4	0	0	22,057	0	(22,057)	0	0	0
5	0	0	59,596	0	(59,596)	0	0	0
	<u>0</u>	<u>0</u>	<u>81,653</u>	<u>0</u>	<u>(81,653)</u>	<u>0</u>	<u>0</u>	<u>0</u>
6	0	74,448	729,285	0	(751,711)	0	(52,022)	0
	<u>0</u>	<u>74,448</u>	<u>810,938</u>	<u>0</u>	<u>(833,364)</u>	<u>0</u>	<u>(52,022)</u>	<u>0</u>
7	0	0	50,000	0	(50,000)	0	0	0
8	0	0	15,000	0	(15,000)	0	0	0
9	0	0	15,000	0	(15,000)	0	0	0
10	0	0	15,000	0	(15,000)	0	0	0
11	0	0	5,648	0	(5,648)	0	0	0
12	0	0	9,000	0	(9,000)	0	0	0
	<u>0</u>	<u>0</u>	<u>109,648</u>	<u>0</u>	<u>(109,648)</u>	<u>0</u>	<u>0</u>	<u>0</u>
13	0	0	469,287	0	(469,287)	0	0	0
14	0	0	8,650	0	(8,650)	0	0	0
15	0	0	19,341	0	(19,341)	0	0	0
	<u>0</u>	<u>0</u>	<u>497,278</u>	<u>0</u>	<u>(497,278)</u>	<u>0</u>	<u>0</u>	<u>0</u>
16	0	0	55,697	0	(55,697)	0	0	0
17	0	0	21,561	0	(21,561)	0	0	0
18	0	0	92,703	0	(92,703)	0	0	0
	<u>0</u>	<u>0</u>	<u>169,961</u>	<u>0</u>	<u>(169,961)</u>	<u>0</u>	<u>0</u>	<u>0</u>
19	0	0	1,304	0	(1,304)	0	0	0
20	0	0	11,072	0	(11,072)	0	0	0
21	0	0	15,086	0	(15,086)	0	0	0
22	0	0	11,800	0	(11,800)	0	0	0
23	0	0	1,246	0	(1,246)	0	0	0
24	0	0	431,878	0	(431,878)	0	0	0
25	0	0	149,552	0	(149,552)	0	0	0
26	0	0	75,122	0	(75,122)	0	0	0
	<u>0</u>	<u>0</u>	<u>697,060</u>	<u>0</u>	<u>(697,060)</u>	<u>0</u>	<u>0</u>	<u>0</u>
27	0	0	512	0	(512)	0	0	0
	<u>0</u>	<u>0</u>	<u>512</u>	<u>0</u>	<u>(512)</u>	<u>0</u>	<u>0</u>	<u>0</u>
28	0	0	349,836	0	(349,836)	0	0	0
29	0	0	2,381	0	(2,381)	0	0	0
	<u>0</u>	<u>0</u>	<u>352,217</u>	<u>0</u>	<u>(352,217)</u>	<u>0</u>	<u>0</u>	<u>0</u>
30	0	0	42,598	0	(42,598)	0	0	0
31	0	0	353,158	0	(353,158)	0	0	0
	<u>0</u>	<u>0</u>	<u>395,756</u>	<u>0</u>	<u>(395,756)</u>	<u>0</u>	<u>0</u>	<u>0</u>
32	0	0	388,814	0	(388,814)	0	0	0
33	0	0	185	0	(185)	0	0	0
34	0	0	57,133	0	(57,133)	0	0	0
35	0	0	40,375	0	(40,375)	0	0	0
	<u>0</u>	<u>0</u>	<u>486,507</u>	<u>0</u>	<u>(486,507)</u>	<u>0</u>	<u>0</u>	<u>0</u>

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, 2022

Row	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 Energy						
36	81.042	WX 2223.03	Weatherization Assistance DOE	State of WI Dept. of Administration	07/01/22-06/30/23	316,786
37	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			
Department of Health and Human Services						
38	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
39	93.558	437004-G16-0000742-R02-01	Transitional Jobs	State of WI Dept. of Children & Families	07/01/21-06/30/23	340,000
40	93.558	HCMSG 21-02	Homeless Case Management Services Grant	State of WI Dept. of Administration	07/01/21-06/30/22	50,000
			Subtotal 93.558			
41	93.568	WX 2223.03	Weatherization Assistance EAP	State of WI Dept. of Administration	07/01/22-06/30/23	1,038,268
42	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			
43	93.569	437004-G22-0001953-000-04	Community Service Block Grant	State of WI Dept. of Children & Families	01/01/22-12/31/22	462,547
44	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			
45	93.959	HSD_2022_0173_A1	Urban Youth Prevention Program	Rock County Human Services	01/01/22-12/31/22	150,000
Corporation for National and Community Service						
46	94.006	19NDHMA0030003	AmeriCorps	Serve Wisconsin	08/15/20-08/14/22	92,000
47	94.006	19NDHMA0030003	AmeriCorps	Serve Wisconsin	08/15/21-08/14/22	92,000
48	94.006	22NDFMA0090002	AmeriCorps	Serve Wisconsin	08/15/22-08/14/23	120,000
			Subtotal 94.006			
Department of Homeland Security						
49	97.024	N/A	Emergency Food & Shelter Program (EFSP)	United Way of Walworth County	01/01/22-12/31/22	N/A
Total Federal Programs						
STATE AND LOCAL PROGRAMS						
50	N/A	WX 2223.03	Public Benefits Weatherization	State of WI Dept. of Administration	07/01/22-06/30/23	844,946
51	N/A	WX 2122.03	Public Benefits Weatherization	State of WI Dept. of Administration	07/01/21-09/30/22	1,855,828
52	N/A	2022.03	Water Conservation	State of WI Dept. of Administration	10/01/21-09/30/22	N/A
53	N/A	2023.03	Water Conservation	State of WI Dept. of Administration	10/01/22-09/30/23	N/A
54	N/A	2022.03	Emergency Furnace Replacement	State of WI Dept. of Administration	10/01/21-09/30/22	N/A
55	N/A	2023.03	Emergency Furnace Replacement	State of WI Dept. of Administration	10/01/22-09/30/23	N/A
56	N/A	SSSG 22-08	State Shelter Subsidy Grant	State of WI Dept. of Administration	01/01/22-12/31/22	22,300
57	N/A	N/A	WETAP PD Driver License Program	State of WI Dept of Transportation	01/01/22-12/31/22	N/A
58	N/A	N/A	Loans to Affiliates	N/A	Ongoing	N/A
59	N/A	N/A	AWARE	City of Evansville	01/01/22-12/31/22	10,000
60	N/A	N/A	Fresh Start	School District of Beloit-WI DPI	01/01/22-12/31/22	N/A
61	N/A	N/A	Youth Build-Walworth	Elkhorn Area School District	03/02/20-05/31/22	N/A
62	N/A	N/A	Twin Oaks Shelter for the Homeless	United Way of Walworth County	01/01/22-12/31/22	N/A
63	N/A	N/A	AWARE	United Way Blackhawk Region	07/01/21-06/30/23	30,000
64	N/A	N/A	Community Kids	United Way Blackhawk Region	07/01/21-06/30/23	120,000
65	N/A	N/A	Community Kids-Tuition Assistance	United Way Blackhawk Region	07/01/21-06/30/23	N/A
66	N/A	N/A	Fatherhood-Rock	United Way Blackhawk Region	07/01/21-06/30/23	60,000
67	N/A	N/A	Fresh Start	United Way Blackhawk Region	07/01/21-06/30/23	20,000
68	N/A	N/A	Merrill After School Program	United Way Blackhawk Region	07/01/21-06/30/23	115,000
69	N/A	N/A	HUD Permanent Supportive Housing	United Way Blackhawk Region	07/01/21-06/30/23	N/A
70	N/A	N/A	Rapid Re-Housing (TLP)	United Way Blackhawk Region	07/01/21-06/30/23	108,000
71	N/A	N/A	Advance-United Way Blackhawk Region	United Way Blackhawk Region	07/01/21-06/30/23	N/A
72	N/A	N/A	AWARE	Foundations	01/01/22-12/31/22	N/A
73	N/A	N/A	Fatherhood-Rock	Foundations	01/01/22-12/31/22	N/A
74	N/A	N/A	Personal Responsibility Education Program	Foundations	01/01/22-12/31/22	N/A
75	N/A	N/A	Project Thrive	Foundations	01/01/22-12/31/22	N/A
76	N/A	N/A	Internal Unemployment Fund	Fees to Programs	Ongoing	N/A
77	N/A	N/A	Revolving Housing Funds	Revolving Program Income	Ongoing	N/A
78	N/A	N/A	1256 Dewey Beloit	Sale Proceeds	Ongoing	N/A
79	N/A	N/A	1312 Nelson Beloit	Sale Proceeds	Ongoing	N/A
80	N/A	N/A	1316 Nelson Beloit	Sale Proceeds	Ongoing	N/A
81	N/A	N/A	1318 Porter Ave Beloit	Sale Proceeds	Ongoing	N/A
82	N/A	N/A	152 Linn St Janesville	Sale Proceeds	Ongoing	N/A
83	N/A	N/A	218 S Maple Whitewater	Sale Proceeds	Ongoing	N/A
84	N/A	N/A	Temporary Emerg. Food Asst. Prog.	Sale Proceeds	Ongoing	N/A
85	N/A	N/A	AWARE	Donations	01/01/22-12/31/22	N/A
86	N/A	N/A	Beloit Merrill After School Program	Donations	Ongoing	N/A
87	N/A	N/A	Fatherhood	Donations	01/01/22-12/31/22	N/A

See Independent Auditor's Report.

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

Schedule A-2 (Continued)
Schedule of Program Activity
Year Ended December 31, 2022

Row	Net Assets (Deficit) 12/31/21	Refundable Advance Liability 12/31/21	Current Grant Revenue	Other Revenue	Expenses	Transfers	Refundable Advance Liability 12/31/22	Net Assets (Deficit) 12/31/22
36	0	0	110,921	0	(110,921)	0	0	0
37	0	0	101,947	0	(101,947)	0	0	0
	0	0	212,868	0	(212,868)	0	0	0
38	0	0	73,872	0	(73,872)	0	0	0
39	0	0	156,219	0	(156,219)	0	0	0
40	0	0	43,772	0	(43,772)	0	0	0
	0	0	199,991	0	(199,991)	0	0	0
41	0	0	163,416	0	(163,416)	0	0	0
42	0	0	36,795	0	(36,795)	0	0	0
	0	0	200,211	0	(200,211)	0	0	0
43	0	0	393,133	0	(393,133)	0	0	0
44	0	24,027	221,350	0	(245,377)	0	0	0
	0	24,027	614,483	0	(638,510)	0	0	0
45	0	0	150,000	0	(150,000)	0	0	0
46	0	0	32,901	0	(32,901)	0	0	0
47	0	0	84,176	0	(84,176)	0	0	0
48	0	0	6,992	0	(6,992)	0	0	0
	0	0	124,069	0	(124,069)	0	0	0
49	0	0	15,178	0	(15,178)	0	0	0
	0	98,475	5,184,474	0	(5,230,927)	0	(52,022)	0
50	0	0	480,440	2,625	(173,180)	0	(309,885)	0
51	0	381,462	91,471	0	(472,933)	0	0	0
52	0	0	18,131	0	(18,131)	0	0	0
53	0	0	14,331	0	(14,331)	0	0	0
54	0	0	209,046	0	(209,046)	0	0	0
55	0	0	125,913	0	(125,913)	0	0	0
56	0	0	22,300	0	(22,300)	0	0	0
57	74,542	0	0	0	(16,863)	0	0	57,679
58	1,849,516	0	9,619	0	(220,000)	0	0	1,639,135
59	0	0	10,000	0	(10,000)	0	0	0
60	0	0	235,333	0	(214,354)	(20,979)	0	0
61	0	0	0	25,000	0	(25,000)	0	0
62	0	0	26,625	0	(26,625)	0	0	0
63	0	0	15,000	0	(15,000)	0	0	0
64	0	0	48,145	0	(48,145)	0	0	0
65	0	0	6,308	0	(6,308)	0	0	0
66	0	0	21,867	0	(21,867)	0	0	0
67	0	0	10,000	0	(10,000)	0	0	0
68	0	0	0	0	0	0	0	0
69	0	0	0	0	0	0	0	0
70	0	0	0	0	0	0	0	0
71	16,655	0	124,927	0	0	0	0	141,582
72	0	0	0	2,000	(2,000)	0	0	0
73	0	0	0	12,000	(12,000)	0	0	0
74	0	0	0	6,646	(6,646)	0	0	0
75	0	0	0	11,250	(3,023)	500	0	8,727
76	70,000	0	0	0	0	0	0	70,000
77	1,565,587	0	0	47,958	19,729	(166,117)	0	1,467,157
78	0	0	0	149,900	(131,143)	0	0	18,757
79	0	0	0	0	0	0	0	0
80	30,892	0	0	0	0	0	0	30,892
81	5,361	0	0	0	0	0	0	5,361
82	19,658	0	0	0	0	0	0	19,658
83	0	0	0	240,000	(295,433)	55,433	0	0
84	0	0	0	39	(39)	0	0	0
85	110,381	0	0	69,819	(94,777)	0	0	85,423
86	0	0	0	7,270	(1,093)	0	0	6,177
87	20,000	0	0	492	(20,492)	0	0	0

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

Schedule A-3
Schedule of Program Activity
Year Ended December 31, 2022

Row	AL Number	Grant Number	Program Name	Grantor Agency	Program Period	Program or Award Amount
STATE AND LOCAL PROGRAMS (Continued)						
88	N/A	N/A	Fresh Start	Donations	01/01/22-12/31/22	N/A
89	N/A	N/A	Personal Responsibility Education Program	Donations	01/01/22-12/31/22	N/A
90	N/A	N/A	Project Thrive	Donations	01/01/22-12/31/22	N/A
91	N/A	N/A	Skills	Donations	Ongoing	N/A
92	N/A	N/A	Twin Oaks Homeless Shelter	Donations	01/01/22-12/31/22	N/A
93	N/A	N/A	Twin Oaks Homeless Shelter-Capital Campaign	Donations	01/01/21-unknown	N/A
Total State and Local Programs						
Total Program Activity						
GENERALLY ACCEPTED ACCOUNTING PRINCIPLE (GAAP) ADJUSTMENTS						
94	N/A	N/A	Average Lease Adjustment Pathways Center	N/A	Ongoing	N/A
95	N/A	N/A	Grant-Funded Equipment	N/A	Ongoing	N/A
96	N/A	N/A	Grant-Funded Prepaid Expense	N/A	Ongoing	N/A
Total GAAP Adjustments						
PRIVATE SUPPORT AND SERVICE FEES						
97	N/A	N/A	Community Kids Janesville	Rock County Dept. of H.S., YoungStar, Cronin Foundation, Fees, Donations and Fundraising	Ongoing	N/A
98	N/A	N/A	Community Kids P4J	School District of Janesville & Fees	Ongoing	N/A
99	N/A	N/A	Community Kids Pathways	Fees	Ongoing	N/A
100	N/A	N/A	Early Head Start Beloit	Early Head Start, Rock County Dept. of H.S., YoungStar and Fees	Ongoing	N/A
101	N/A	N/A	122 Knoll	Rent/HRRP Revolving Loan	Ongoing	N/A
102	N/A	N/A	Beloit Merrill Houses	Rent	Ongoing	N/A
103	N/A	N/A	Permanent Supportive Housing	Rent	Ongoing	N/A
104	N/A	N/A	Training	Fees	Ongoing	N/A
105	N/A	N/A	Transitional Jobs	Fees	Ongoing	N/A
106	N/A	N/A	Beloit Merrill Community Garden	Donations	Ongoing	N/A
107	N/A	N/A	Rapid Re-Housing (TLP)	Donations	Ongoing	N/A
108	N/A	N/A	Housing Development	N/A	Ongoing	N/A
109	N/A	N/A	Corporate Fund	Donations, Rent and Interest	Ongoing	N/A
Total CAI Discretionary Activity						
Total CAI Activity						
110	N/A	N/A	Beloit Assisted Living, Inc.	Rent	Ongoing	N/A
111	N/A	N/A	Beloit Mature Adult Housing LLC	Rent	Ongoing	N/A
112	N/A	N/A	Delavan Mature Adult Housing, LLC	Rent	Ongoing	N/A
113	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, 2022

Row	Net Assets (Deficit) 12/31/21	Refundable Advance Liability 12/31/21	Current Grant Revenue	Other Revenue	Expenses	Transfers	Refundable Advance Liability 12/31/22	Net Assets (Deficit) 12/31/22
88	0	0	0	4,549	0	20,979	0	25,528
89	0	0	0	750	(750)	0	0	0
90	0	0	0	410	(410)	0	0	0
91	0	0	0	10,000	0	0	0	10,000
92	50,030	0	0	182,700	(152,364)	0	0	80,366
93	800	0	0	5,113	0	0	0	5,913
	<u>3,813,422</u>	<u>381,462</u>	<u>1,469,456</u>	<u>778,521</u>	<u>(2,325,437)</u>	<u>(135,184)</u>	<u>(309,885)</u>	<u>3,672,355</u>
	<u>3,813,422</u>	<u>479,937</u>	<u>6,653,930</u>	<u>778,521</u>	<u>(7,556,364)</u>	<u>(135,184)</u>	<u>(361,907)</u>	<u>3,672,355</u>
94	0	0	0	0	3,327	(3,327)	0	0
95	573,896	0	0	0	9,131	0	0	583,027
96	0	0	0	0	64,907	0	0	64,907
	<u>573,896</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>77,365</u>	<u>(3,327)</u>	<u>0</u>	<u>647,934</u>
97	(75,714)	0	0	994,556	(969,686)	9,630		(41,214)
98	0	0	0	101,148	(94,659)	(6,489)	0	0
99	0	0	0	45,366	(45,366)	0	0	0
100	0	0	0	120,656	(117,515)	(3,141)	0	0
101	(55,078)	0	0	15,600	(16,625)	0	0	(56,103)
102	0	0	0	30,400	(52,322)	21,922	0	0
103	0	0	0	12,103	(13,896)	1,793	0	0
104	0	0	0	20,225	(22,512)	2,287	0	0
105	0	0	0	0	500	(500)	0	0
106	0	0	0	390	(390)	0	0	0
107	0	0	0	100	(100)	0	0	0
108	0	0	0	0	(88,762)	88,762	0	0
109	1,220,595	0	0	135,014	(107,597)	24,247	0	1,272,259
	<u>1,089,803</u>	<u>0</u>	<u>0</u>	<u>1,475,558</u>	<u>(1,528,930)</u>	<u>138,511</u>	<u>0</u>	<u>1,174,942</u>
	<u>5,477,121</u>	<u>479,937</u>	<u>6,653,930</u>	<u>2,254,079</u>	<u>(9,007,929)</u>	<u>0</u>	<u>(361,907)</u>	<u>5,495,231</u>
110	1,349,170	0	0	201,168	(234,988)	0	0	1,315,350
111	487,880	0	0	330,255	(347,813)	0	0	470,322
112	285,352	0	0	180,957	(207,725)	0	0	258,584
113	173,707	0	0	182,518	(205,322)	0	0	150,903
	<u>2,296,109</u>	<u>0</u>	<u>0</u>	<u>894,898</u>	<u>(995,848)</u>	<u>0</u>	<u>0</u>	<u>2,195,159</u>
	<u>7,773,230</u>	<u>479,937</u>	<u>6,653,930</u>	<u>3,148,977</u>	<u>(10,003,777)</u>	<u>0</u>	<u>(361,907)</u>	<u>7,690,390</u>
Reconciliation of Grant and Contract Revenue With Statement of Activities:				Reconciliation of Other Revenue With Statement of Activities:				
Prior year refundable advance liability				479,937	Fee for services revenue			786,832
Current grant revenue				6,653,930	Program and other contributions			1,438,271
Current year refundable advance liability				<u>(361,907)</u>	Rental income			1,013,917
TOTAL				<u>6,771,960</u>	Investment loss			<u>(90,043)</u>
								<u>3,148,977</u>
Grant and contract revenue				6,020,249				
Food commodities received				<u>751,711</u>				
TOTAL				<u>6,771,960</u>				

Community Action, Inc. of Rock and Walworth Counties

Schedule B-1

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2022

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	\$ 59,365
Passed-Through Southwest Wisconsin Workforce Development Board SNAP Cluster: FSET-Fatherhood-Rock	10.561	FY23-CAI-FSET	14,560
Passed-Through Wisconsin Department of Health Services Food Distribution Cluster: Temporary Emergency Food Assistance Program	10.568	435100-G23-210484-390	22,057
Temporary Emergency Food Assistance Program		435100-G-22-210484-290	59,596
Subtotal 10.568			81,653
Commodity Food Program	10.569	N/A	751,711
Subtotal Food Distribution Cluster AL #10.568 and #10.569			833,364
SUBTOTAL U.S. DEPARTMENT OF AGRICULTURE			907,289
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed-Through City of Beloit CDBG - Entitlement Grants Cluster: Community Development Block Grant	14.218	94520966-2022	100,648
Passed-Through City of Janesville Community Development Block Grant		B-19-MC-55-0014	9,000
Subtotal CDBG - Entitlement Grants Cluster #14.218			109,648
Passed-Through YMCA of Rock County COVID-19 Emergency Solutions Grant-Cares Act	14.231	20-21ESG-CV-22-CAI	469,287
Emergency Solutions Grant		22-23EHH22-24-CAI	8,650
Emergency Solutions Grant		21-22EHH21-23-CAI	19,341
Subtotal 14.231			497,278
Passed-Through Rock County HOME Investmnet Partnership - Rock	14.239	IDIS# 1431	55,697
Passed-Through City of Beloit HOME Investmnet Partnership - Rock		IDIS# 1431	21,561
HOME Investmnet Partnership - Rock		N/A	92,703
Subtotal 14.239			169,961
Passed-Through Wisconsin Department of Administration HUD Continuum of Care-HAP	14.267	CAI_PH-RRH	1,304
HUD Continuum of Care-SSO		Rock Walworth	26,158
Passed-Through WI Balance of State Continuum of Care HUD Continuum of Care-SSO Coordinated Entry		WI0228D51002001	11,800
HUD Continuum of Care-SSO Domestic Violence		WI0228D51002102	1,246
Direct Funding HUD Continuum of Care		WI0202L5I001801	431,878
HUD Permanent Supportive Housing		WI0203L5I002003	149,552
HUD Permanent Supportive Housing		WI0203L5I002104	75,122
Subtotal 14.267			697,060
Passed-Through WI Balance of State Continuum of Care Supportive Services for Youth Homelessness Demonstration Project	14.276	WI0258Y51001900	512
SUBTOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			1,474,459

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, 2022

Federal Grantor/Pass-Through Grantor/Program Title	AL Number	Grant Number	Federal Expenditures
U.S. DEPARTMENT OF LABOR			
Direct Grant			
Youth Build-Rock	17.274	YB-38180-22-60-A-55	349,836
Youth Build-Rock		YB-32961-18-60-A-55	2,381
Subtotal 17.274			352,217
SUBTOTAL U.S. DEPARTMENT OF LABOR			352,217
U.S. DEPARTMENT OF TREASURY			
Passed-Through Wisconsin Department of Administration			
COVID-19 Coronavirus Relief Act - Wisconsin Rental Assistance Program	21.019	WRAP 20-05	42,598
COVID-19 Coronavirus Relief Act - Wisconsin Rental Assistance Program		WERA 22-104	353,158
Subtotal 21.019			395,756
Passed-Through Wisconsin Department of Administration			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	ARPA-BTC-130	388,814
COVID-19 Coronavirus State and Local Fiscal Recovery Funds		WAI.2022.CAI	185
COVID-19 Coronavirus State and Local Fiscal Recovery Funds		WHH 21-04	57,133
COVID-19 Coronavirus State and Local Fiscal Recovery Funds		SSHG 21-05	40,375
Subtotal 21.027			486,507
SUBTOTAL U.S. DEPARTMENT OF TREASURY			882,263
U.S. DEPARTMENT OF ENERGY (DOE)			
Passed-Through Wisconsin Department of Administration			
Weatherization Assistance DOE	81.042	WX 2223.03	110,921
Weatherization Assistance DOE		WX 2122.03	101,947
Subtotal 81.042			212,868
SUBTOTAL U.S. DEPARTMENT OF ENERGY			212,868
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed-Through Wisconsin Department of Health Services			
Personal Responsibility Education Program	93.092	435100-G-22-210484-290	73,872
Passed-Through Wisconsin Department of Children & Families			
Transitional Jobs	93.558	437004-G16-0000742-R02-01	156,219
Passed-Through Wisconsin Department of Administration			
Homeless Case Management Services Grant		HCMSG 21-02	43,772
Subtotal 93.558			199,991
Passed-Through Wisconsin Department of Administration			
Weatherization Assistance EAP	93.568	WX 2223.03	163,416
Weatherization Assistance EAP		WX 2122.03	36,795
Subtotal 93.568			200,211
Passed-Through Wisconsin Department of Children & Families			
Community Service Block Grant	93.569	437004-G22-0001953-000-04	393,133
COVID-19 Community Service Block Grant-Cares Act		N/A	245,377
Subtotal 93.569			638,510

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, 2022

Federal Grantor/Pass-Through Grantor/Program Title	AL Number	Grant Number	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)			
Passed-Through Rock County Human Services Urban Youth Prevention Program	93.959	HSD_2022_0173_A1	<u>150,000</u>
SUBTOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			1,262,584
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
Passed-Through Serve Wisconsin Americorps	94.006	19NDHMA0030003	32,901
Americorps		19NDHMA0030003	84,176
Americorps		22NDFMA0090002	6,992
Subtotal 94.006			<u>124,069</u>
SUBTOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			124,069
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed-Through United Way of Walworth County Emergency Food & Shelter Program (EFSP)	97.024	N/A	<u>15,178</u>
SUBTOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			15,178
TOTAL FEDERAL EXPENDITURES			<u>\$ 5,230,927</u>

See Independent Auditor's Report.

See Notes to the Schedule of Expenditures of Federal Awards.

Community Action, Inc. of Rock and Walworth Counties

Notes to the Schedule of Expenditures of Federal Awards

December 31, 2022

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, 2022. 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, 2022

<i>Assets</i>	Community Action, Inc. of Rock & Walworth *	Beloit Assisted Living, Inc.
Current assets:		
Cash	\$ 881,139	\$ 1,162
Restricted cash	55,300	55,011
Grants receivable	669,759	0
Accounts receivable, net	44,817	35,700
Weatherization inventory	109,053	0
Housing inventory	191,524	0
Commodity food inventory	52,022	0
Prepaid expenses and other assets	119,679	1,446
Total current assets	2,123,293	93,319
Other assets:		
Investments	421,715	0
Loans receivable - Housing partnerships, net	1,639,135	0
Loans receivable - Housing, net	746,813	0
Right of use asset, operating	795,457	0
Total other assets	3,603,120	0
Property and equipment, net	1,325,209	1,257,148
TOTAL ASSETS	\$ 7,051,622	\$ 1,350,467
<i>Liabilities and Net Assets</i>		
Current liabilities:		
Current portion of mortgages payable	\$ 0	\$ 0
Accounts payable	179,130	7,132
Accrued payroll and related expenses	100,159	1,816
Other liabilities	0	26,169
Refundable advance liability	361,907	0
Current portion of operating lease obligation	103,855	0
Total current liabilities	745,051	35,117
Long-term liabilities:		
Operating loan payable - related party	0	0
Mortgages payable	15,000	0
Operating lease obligation	796,340	0
Total long-term liabilities	811,340	0
Total liabilities	1,556,391	35,117
Net assets:		
Without donor restrictions	1,401,161	1,315,350
Without donor restrictions - Board designated	421,715	0
Total without donor restrictions	1,822,876	1,315,350
With donor restrictions	3,672,355	0
Total net assets	5,495,231	1,315,350
TOTAL LIABILITIES AND NET ASSETS	\$ 7,051,622	\$ 1,350,467

* 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, 2022

<i>Assets</i>	Low-Income Housing Partnerships **	Subtotal	Eliminations	Consolidated
Current assets:				
Cash	\$ 25,065	\$ 907,366	\$ 0	\$ 907,366
Restricted cash	483,583	593,894	0	593,894
Grants receivable	0	669,759	0	669,759
Accounts receivable, net	8,955	89,472	(5,258)	84,214
Weatherization inventory	0	109,053	0	109,053
Housing inventory	0	191,524	0	191,524
Commodity food inventory	0	52,022	0	52,022
Prepaid expenses and other assets	13,115	134,240	0	134,240
Total current assets	530,718	2,747,330	(5,258)	2,742,072
Other assets:				
Investments	0	421,715	0	421,715
Loans receivable - Housing partnerships, net	0	1,639,135	(1,639,135)	0
Loans receivable - Housing, net	0	746,813	0	746,813
Right of use asset, operating	0	795,457	0	795,457
Total other assets	0	3,603,120	(1,639,135)	1,963,985
Property and equipment, net	3,221,040	5,803,397	0	5,803,397
TOTAL ASSETS	\$ 3,751,758	\$ 12,153,847	(\$ 1,644,393)	\$ 10,509,454
<i>Liabilities and Net Assets</i>				
Current liabilities:				
Current portion of mortgages payable	\$ 24,019	\$ 24,019	\$ 0	\$ 24,019
Accounts payable	17,277	203,539	0	203,539
Accrued payroll and related expenses	0	101,975	0	101,975
Other liabilities	94,890	121,059	0	121,059
Refundable advance liability	0	361,907	0	361,907
Current portion of operating lease obligation	0	103,855	0	103,855
Total current liabilities	136,186	916,354	0	916,354
Long-term liabilities:				
Operating loan payable - related party	5,258	5,258	(5,258)	0
Mortgages payable	2,730,505	2,745,505	(1,639,135)	1,106,370
Operating lease obligation	0	796,340	0	796,340
Total long-term liabilities	2,735,763	3,547,103	(1,644,393)	1,902,710
Total liabilities	2,871,949	4,463,457	(1,644,393)	2,819,064
Net assets:				
Without donor restrictions	879,809	3,596,320	0	3,596,320
Without donor restrictions - Board designated	0	421,715	0	421,715
Total without donor restrictions	879,809	4,018,035	0	4,018,035
With donor restrictions	0	3,672,355	0	3,672,355
Total net assets	879,809	7,690,390	0	7,690,390
TOTAL LIABILITIES AND NET ASSETS	\$ 3,751,758	\$ 12,153,847	(\$ 1,644,393)	\$ 10,509,454

* 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, 2022

	Community Action, Inc. of Rock & Walworth *	Beloit Assisted Living, Inc.	Low-Income Housing Partnerships **	Eliminations	Consolidated
Revenue:					
Grant and contract revenue	\$ 6,020,249	\$ 0	\$ 0	\$ 0	\$ 6,020,249
Food commodities received	751,711	0	0	0	751,711
Fee for services revenue	767,675	976	18,181	0	786,832
Program and other contributions	1,438,271	0	0	0	1,438,271
Rental income	140,246	199,950	673,721	0	1,013,917
Investment income (loss)	(92,113)	242	1,828	0	(90,043)
Net assets released from restriction through satisfaction of program restrictions	0	0	0	0	0
Total revenue	9,026,039	201,168	693,730	0	9,920,937
Expenses:					
Salaries and wages	3,290,951	0	0	0	3,290,951
Fringe benefits	776,111	0	0	0	776,111
Consultants/contractual	224,504	0	0	0	224,504
Travel	90,882	0	0	0	90,882
Occupancy	391,483	0	0	0	391,483
Supplies	529,029	0	0	0	529,029
Weatherization materials	516,373	0	0	0	516,373
Client/participant costs	1,929,712	0	0	0	1,929,712
Depreciation	208,235	61,856	90,328	0	360,419
Commodities distributed	751,711	0	0	0	751,711
Other	298,938	0	0	0	298,938
Project expenses	0	173,132	670,532	0	843,664
Total expenses	9,007,929	234,988	760,860	0	10,003,777
Change in net assets	18,110	(33,820)	(67,130)	0	(82,840)
Net assets at beginning of year	5,477,121	1,349,170	946,939	0	7,773,230
Net assets at end of year	\$ 5,495,231	\$ 1,315,350	\$ 879,809	\$ 0	\$ 7,690,390

* 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, 2022

<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	\$ 13,657	\$ 10,425	\$ 983	\$ 25,065
Restricted cash	126,081	225,582	131,920	483,583
Accounts receivable, net	7,630	662	663	8,955
Prepaid expenses and other assets	9,026	3,989	100	13,115
Total current assets	156,394	240,658	133,666	530,718
Property and equipment, net	1,108,767	1,041,151	1,071,122	3,221,040
TOTAL ASSETS	\$ 1,265,161	\$ 1,281,809	\$ 1,204,788	\$ 3,751,758
<i>Liabilities and Net Assets</i>				
Current liabilities:				
Current portion of mortgages payable	\$ 19,571	\$ 1,502	\$ 2,946	\$ 24,019
Accounts payable	7,400	4,874	5,003	17,277
Other liabilities	43,524	28,205	23,161	94,890
Total current liabilities	70,495	34,581	31,110	136,186
Long-term liabilities:				
Operating loan payable - related party	5,258	0	0	5,258
Mortgages payable	719,086	988,644	1,022,775	2,730,505
Total long-term liabilities	724,344	988,644	1,022,775	2,735,763
Total liabilities	794,839	1,023,225	1,053,885	2,871,949
Net assets:				
Without donor restrictions	470,322	258,584	150,903	879,809
TOTAL LIABILITIES AND NET ASSETS	\$ 1,265,161	\$ 1,281,809	\$ 1,204,788	\$ 3,751,758

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

Schedule F

Statement of Activities - Low-Income Housing Partnerships

Year Ended December 31, 2022

	Beloit Mature Adult Housing, LLC	Delavan Mature Adult Housing, LLC	Evansville Senior Housing, LP	Low-Income Housing Partnerships Subtotal
Revenue:				
Fee for services revenue	\$ 11,906	\$ 704	\$ 5,571	\$ 18,181
Rental income	317,256	179,674	176,791	673,721
Investment income	1,093	579	156	1,828
Total revenue	330,255	180,957	182,518	693,730
Expenses:				
Depreciation	38,163	25,131	27,034	90,328
Project expenses	309,650	182,594	178,288	670,532
Total expenses	347,813	207,725	205,322	760,860
Change in net assets	(17,558)	(26,768)	(22,804)	(67,130)
Net assets at beginning of year	487,880	285,352	173,707	946,939
Net assets at end of year	\$ 470,322	\$ 258,584	\$ 150,903	\$ 879,809

Community Action, Inc. of Rock and Walworth Counties

Schedule G

Schedule of Emergency Furnace and Water Conservation Activity by Contract

Year Ended December 31, 2022

Contract #	Prior Audit Period Cash Received	Current Audit Period Cash Received	True up Received (Paid)	Net Contract to Date Cash Received	Prior Audit Period Expenses	Current Audit Period Expenses	Contract to Date Expenses
WX 2022.03	\$ 46,711	\$ 281,046	\$ 0	\$ 327,757	\$ 100,580	\$ 227,177	\$ 327,757
WX 2023.03	0	94,398	0	94,398	0	140,244	140,244
	<u>\$ 46,711</u>	<u>\$ 375,444</u>	<u>\$ 0</u>	<u>\$ 422,155</u>	<u>\$ 100,580</u>	<u>\$ 367,421</u>	<u>\$ 468,001</u>

Community Action, Inc. of Rock and Walworth Counties

Schedule H

DHS Cost Reimbursement Award Schedule

Year Ended December 31, 2022

	TEFAP/EFO's CARS profile 70010	TEFAP/EFO's CARS profile 70010	PREP CARS profile 159354	PREP CARS profile 159354
DHS Identification number				
Award amount	\$35,325	\$87,420	\$100,000	\$100,000
Award period	10/01/22-09/30/23	10/01/21-09/30/22	10/01/22-09/30/23	10/01/21-09/30/22
Period of award within audit period	10/01/22-12/31/22	01/01/22-09/30/22	10/01/22-12/31/22	01/01/22-09/30/22
A. Expenditures reported to DHS or revenue received	\$ 22,057	\$ 59,596	\$ 0	\$ 73,872
B. Actual allowable cost of award reported in audit				
1. Employee Salaries and Wages	7,577	30,597	0	41,452
2. Employee Fringe Benefits	430	2,945	0	4,401
3. Payroll Taxes	571	2,318	0	3,192
4. Rent or Occupancy	4,452	11,746	0	4,605
5. Professional Services	3,561	3,267	0	7,794
6. Employee Travel	28	18	0	1,047
7. Conferences, Meetings or Education	0	11	0	0
8. Employee Licenses and Dues	0	0	0	0
9. Supplies	286	318	0	3,110
10. Telephone	1,898	3,088	0	150
11. Equipment	0	0	0	0
12. Depreciation	0	0	0	0
13. Utilities	1,124	1,931	0	482
14. Bad Debts	0	0	0	0
15. Postage and Shipping	347	36	0	26
16. Insurance	747	1,880	0	273
17. Interest	0	0	0	0
18. Bank Fees and Charges	0	0	0	0
19. Advertising and Marketing	0	0	0	0
20. Other	1,036	1,480	0	7,340
Total operating costs of award	22,057	59,635	0	73,872
C. Less disallowed costs	0	0	0	0
D. Less program revenue and other offsets to costs	0	39	0	0
E. Net allowable operating costs before profit	22,057	59,596	0	73,872
F. Add allowable profit	0	0	0	0
G. Total Allowable Costs	\$ 22,057	\$ 59,596	\$ 0	\$ 73,872

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, 2022, 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, 2023. 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 or significant deficiencies 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.

A handwritten signature in black ink that reads "Wipfli LLP". The script is cursive and fluid.

Wipfli LLP

June 22, 2023
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 and *State Single Audit Guidelines*

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, 2022. 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, 2022, 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, 2022.

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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not 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, 2023

Madison, Wisconsin

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

Schedule of Findings and Questioned Costs Year Ended December 31, 2022

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, 2022

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



Mike Webber, CPA

Date of report

June 22, 2023