

Porchlight, Inc. and Subsidiary

Madison, Wisconsin

Consolidated Financial Statements and
Supplementary Information

Year Ended December 31, 2018

Porchlight, Inc. and Subsidiary

Consolidated Financial Statements and Supplementary Information

Year Ended December 31, 2018

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Independent Auditor's Report

Board of Directors
Porchlight, Inc. and Subsidiary
Madison, Wisconsin

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Porchlight, Inc. (a nonprofit organization) and Subsidiary, which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. The financial statements of Porchlight Foundation, Inc. were not audited in accordance with the *Government Auditing Standards*.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Porchlight, Inc. and Subsidiary as of December 31, 2018, 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.

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, Porchlight, Inc. and Subsidiary adopted the amendments in Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities – Presentation of Financial Statements for Not-for-Profit Entities*, as of and for the year ended December 31, 2018.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards and other financial assistance, 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 of Wisconsin Single Audit Guidelines*, issued by the Wisconsin Department of Administration, the consolidating statements of financial position and activities, the schedule of revenue and expenses by funding source and by contract, the surplus retention supplemental schedule, the Dane County Department of Human Services provider agency expense report, and the schedules of profit and loss for multifamily projects as required by Wisconsin Housing and Economic Development Authority, are presented for purposes of additional analysis, and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2019, on our consideration of Porchlight, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements 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 Porchlight, Inc.'s 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 Porchlight, Inc.'s internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP

June 13, 2019

Madison, Wisconsin

Porchlight, Inc. and Subsidiary

Consolidated Statement of Financial Position
December 31, 2018

<i>Assets</i>	
Current assets:	
Cash	\$ 1,701,274
Investments	467,215
Grants receivable	221,715
Accounts receivable	198,438
Land contract receivable	3,777
Promises to give	16,000
Inventory	32,369
Prepaid expenses	41,945
Total current assets	2,682,733
Other assets:	
WHEDA reserves	534,543
Certificates of deposit	1,063,090
Land contract receivable	32,316
Promises to give	11,000
Charitable trust receivable, net	90,000
Total other assets	1,730,949
Property and equipment, net	13,905,862
TOTAL ASSETS	\$ 18,319,544
<i>Liabilities and Net Assets</i>	
Current liabilities:	
Current portion of mortgages payable	\$ 108,088
Current portion of deferred loans payable	14,667
Accounts payable	217,895
Accrued payroll and related expenses	116,156
Deferred revenue	149,189
Grant funds received in advance	1,500
Total current liabilities	607,495
Long-term liabilities:	
Deferred loans payable	3,348,883
Mortgages payable	1,250,972
Total long-term liabilities	4,599,855
Total liabilities	5,207,350
Net assets - Without donor restrictions	13,112,194
TOTAL LIABILITIES AND NET ASSETS	\$ 18,319,544

See accompanying notes to consolidated financial statements.

Porchlight, Inc. and Subsidiary

Consolidated Statement of Activities Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Grant revenue	\$ 2,089,638	\$ 0	\$ 2,089,638
Investment loss	(33,507)	0	(33,507)
Contributions	1,251,496	0	1,251,496
Rental income	1,482,809	0	1,482,809
Program fees	10,648	0	10,648
Miscellaneous	202,899	0	202,899
Gain on sale of property and equipment	226,810	0	226,810
In-kind contributions	556,973	0	556,973
Total revenue	5,787,766	0	5,787,766
Program expenses:			
Homeless men's drop-in shelter	981,224	0	981,224
Safe Haven	394,644	0	394,644
Housing	2,927,290	0	2,927,290
Brooks Street	546,787	0	546,787
Total program expenses	4,849,945	0	4,849,945
Management and general	464,597	0	464,597
Fundraising	127,679	0	127,679
Total management and general, and fundraising	592,276	0	592,276
Total expenses	5,442,221	0	5,442,221
Change in net assets	345,545	0	345,545
Net assets - Beginning of the year	11,689,681	1,076,968	12,766,649
Reclassification of net assets - change in accounting policy	1,076,968	(1,076,968)	0
Net assets - Beginning of year as restated	12,766,649	0	12,766,649
Net assets - End of the year	\$ 13,112,194	\$ 0	\$ 13,112,194

Porchlight, Inc. and Subsidiary

Consolidated Statement of Functional Expenses

Year Ended December 31, 2018

	Homeless Men's Drop-In Shelter	Safe Haven	Housing	Brooks Street	Total Program Activities	Management and General Expenses	Fundraising	Total Expenses
EXPENSES								
Salaries & wages	\$ 360,870	\$ 206,763	\$ 1,000,809	\$ 125,583	\$ 1,694,025	\$ 278,740	\$ 34,242	\$ 2,007,007
Taxes	29,076	16,681	83,113	9,762	138,632	20,731	2,290	161,653
Fringe benefits	52,214	33,441	197,802	35,482	318,939	71,462	14,624	405,025
Operating	14,296	5,831	42,359	10,942	73,428	22,768	0	96,196
Maintenance	8,954	38,198	363,930	48,119	459,201	0	0	459,201
Program costs	9,392	8,708	33,654	54,401	106,155	0	0	106,155
Utilities	1,074	12,334	192,472	71,373	277,253	0	0	277,253
Bad Debt	0	1,715	52,772	24,808	79,295	0	0	79,295
Depreciation	8,343	20,994	413,077	114,089	556,503	0	0	556,503
Insurance	3,085	2,856	46,663	16,959	69,563	0	0	69,563
Rent	20,112	0	99,483	0	119,595	0	0	119,595
Interest	0	0	45,369	31	45,400	0	0	45,400
Direct assistance	111,180	26,670	199,130	8,517	345,497	0	0	345,497
Administrative	0	0	4,386	5,100	9,486	70,896	0	80,382
Promotions	0	0	0	0	0	0	76,523	76,523
In-kind expenses	362,628	20,453	152,271	21,621	556,973	0	0	556,973
TOTAL EXPENSES	\$ 981,224	\$ 394,644	\$ 2,927,290	\$ 546,787	\$ 4,849,945	\$ 464,597	\$ 127,679	\$ 5,442,221

See accompanying notes to consolidated financial statements.

Porchlight, Inc. and Subsidiary

Consolidated Statement of Cash Flows

Year Ended December 31, 2018

Increase (decrease) in cash:	
Cash flows from operating activities:	
Change in net assets	\$ 345,545
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	556,503
Net realized and unrealized loss on investments	42,949
Non-cash contribution on forgiveness of deferred loan payable	(14,667)
Gain on sale of property and equipment	(226,810)
Changes in operating assets and liabilities:	
Grants receivable	44,237
Accounts receivable	(33,730)
Promises to give	216,000
Inventory	(23,369)
Prepaid expenses	(14)
Accounts payable	34,861
Accrued payroll and related expenses	1,716
Deferred revenue	97,383
Grant funds received in advance	(25,748)
Net cash provided by operating activities	1,014,856
Cash flows from investing activities:	
Purchase of property and equipment	(477,724)
Proceeds from sale of property and equipment	342,020
Purchase of investments	(97,351)
Purchase of certificates of deposit	(1,063,090)
Withdrawals of WHEDA reserves for improvements	20,274
Deposits to and interest retained in WHEDA reserves	(45,958)
Net cash used in investing activities	(1,321,829)
Cash flows from financing activities:	
Collection of land contract receivable	3,777
Principal payments on mortgages payable	(103,249)
Net cash used in financing activities	(99,472)
Change in cash	(406,445)
Cash - Beginning of the year	2,107,719
Cash - End of the year	\$ 1,701,274
Supplemental schedule of other cash activity:	
Interest paid and expensed	\$ 45,400

Porchlight, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Operations

Porchlight, Inc. was established as a nonprofit corporation in 1987 and was formed to develop and provide resources for the purpose of assisting low-income individuals secure housing, find temporary and permanent jobs, and provide referrals to community resources to help individuals live independently. Porchlight, Inc. is primarily supported through federal and state government grants, rental income, and contributions. The main recipients of these programs reside in Dane County, Wisconsin.

Porchlight Foundation, Inc. is a nonprofit organization created in 1999 to help carry out the mission of Porchlight, Inc. by managing and preserving endowment and long-term assets for the benefit of Porchlight, Inc. Porchlight Foundation, Inc. seeks to develop a fund sufficient to support and sustain Porchlight, Inc. in providing the full continuum of housing and support services for homeless and at risk residents of Dane County with the ultimate goal of helping people help themselves toward independence. The strategy is to reduce homelessness in the Dane County area by providing resources for the development of low-cost housing affordable to those in need, as well as support services and a sense of community connected with that housing. The monies collected will serve as an endowment fund for supporting these activities in perpetuity.

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 Porchlight, Inc. and Porchlight Foundation, Inc. The two entities are referred to as (the "Organizations"). All material inter-company transactions and accounts are eliminated in consolidation.

Classification of Net Assets

Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organizations and changes therein are classified and reported as follows:

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

Net Assets With Donor Restrictions - Net assets subject to donor or certain grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other explicit donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Organizations currently have no net assets with donor restrictions.

Porchlight, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue Recognition/Grant Funds Received in Advance

Contributions are recognized when the donor makes a promise to give to the Organizations that is, in substance, unconditional. Contributions received are recorded as 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 as net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. If the restriction is satisfied in the period of contribution, the contribution is recorded as revenue without donor restrictions.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Rental income represents income received from various sources for use of property or space owned by Porchlight. This income is recognized in the period in which it is earned.

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

A. Grant Awards That Are Contributions

Grants that qualify as contributions are recorded as invoiced to the funding sources. Revenue is recognized in the accounting period when the related allowable expenses are incurred. Amounts received in excess of expenses are reflected as grant funds received in advance.

B. Grant Awards That Are Exchange Transactions

Exchange transactions reimburse based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed.

In-Kind Contributions

Porchlight, Inc. has recorded in-kind contributions for supplies and professional services in the consolidated statement of activities in accordance with financial accounting standards. These accounting standards require that only contributions of services received that create or enhance a nonfinancial asset or require a specialized skill by the individual possessing those skills and would typically need to be purchased if not provided by donation be recorded. The requirements of these financial standards are different than the in-kind requirements of Porchlight's grant awards. Porchlight, Inc. received contributions of nonprofessional volunteers during the year with a value of \$281,850 which are not recorded in the consolidated statement of activities.

Porchlight, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Accounts Receivable, Land Contract Receivable, and Allowance for Doubtful Accounts

Accounts receivable and the land contract receivable consist of receivables for rent, contributions, and amounts owed to the Organizations from various sources. The Organizations analyze the receivables and record an allowance for doubtful accounts based on prior collection, experience, and specific customer attributes. When all collection efforts have been exhausted, the Organizations write off receivables against the allowance for doubtful accounts. As of December 31, 2018, the Organizations had elected not to record an allowance for doubtful accounts since collection of the entire outstanding receivable balance is expected.

Promises to Give

Porchlight, Inc. held a capital campaign to raise funds to finance the construction of a commercial kitchen and a housing unit development. Promises to give are recognized when the donor makes a promise to give to Porchlight, Inc. As of December 31, 2018, Porchlight, Inc. had elected not to record an allowance for doubtful accounts since collection of the entire outstanding receivable balance is expected.

Investments

Investments in marketable securities are carried at fair value. Unrealized gains or losses of investments are reflected as investment gains or losses in the consolidated statement of activities. Fair values are determined based on active, publicly traded markets. Donated property held for sale is valued at the fair market value at the time of donation. Investment fees, if any, are netted with return.

Inventory

Inventory consists of canned and preserved artisan products. Inventories as of December 31, 2018 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.

Charitable Trust Receivable

Porchlight, Inc. is the beneficiary of a trust fund established by an individual's last will and testament. Porchlight, Inc. receives a 5% share of current income less expenses and preferred beneficiary payments. The expected cash flows were discounted using a 6% discount rate with the expectation that dividends would increase 3% per year with the growth of the fund.

Property and Equipment

Property and equipment are capitalized at cost and depreciated over their useful lives using the straight-line method. The Organizations consider property and equipment to be items with a cost greater than \$5,000 and having a useful life of greater than one year.

Porchlight, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Property and Equipment (Continued)

Property and equipment purchased with grant funds are owned by Porchlight, Inc. while used in the programs 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. Its disposition, 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 \$1,042,856 at December 31, 2018.

Income Taxes

Porchlight, Inc. and Porchlight Foundation, Inc. are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organizations are also exempt from Wisconsin franchise or income tax.

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.

Functional Allocation of Costs

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities and 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.

Change in Accounting Policy

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958)*. This ASU provides certain improvements in financial reporting for not-for-profit organizations and requires changes to net asset classification, enhancements to liquidity presentation and disclosures, presentation of an analysis of expenses by function and by nature, netting of investment expenses with return, among other changes.

Prior to the adoption of the ASU, Porchlight, Inc. had a policy of implying a time restriction for property and equipment acquired with grant funds. Under the time restriction policy, the net asset value of property and equipment acquired with grant funds was reported as a temporary restricted net asset. The ASU requires a placed-in-service approach in which net assets for property and equipment acquired with grant funds are reported as without donor restrictions. Accordingly, net assets with donor restrictions of \$1,076,968 were transferred to net assets without donor restrictions on January 1, 2018 on the consolidated statement of activities.

Porchlight, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncements

In 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard replaces the current revenue recognition requirements and most industry-specific guidance. When adopted, the amendments in this ASU must be applied using one of two retrospective methods. ASU No. 2014-09 is effective for nonpublic entities for annual periods beginning after December 15, 2018. The Organizations are currently evaluating the impact of the provisions of ASU Topic 606.

In 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which is intended to improve financial reporting on leasing transactions. ASU No. 2016-02 will require lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2019, with early adoption permitted. ASU No. 2016-02 must be applied modified retrospectively. The Organizations are currently evaluating the impact of the provisions of ASU Topic 842.

On June 21, 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update will assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a transaction is conditional. The amendments in this update are effective for annual financial statements issued for fiscal years beginning after December 15, 2018, for transactions in which the entity serves as the resource recipient and for fiscal years beginning after December 15, 2019, for transactions in which the entity services as the resource provider. Early application of the amendments in this update is permitted. The Organizations are still evaluating the impact of the provisions of ASU Topic 958.

Subsequent Events

Subsequent events have been evaluated through June 13, 2019, which is the date the consolidated financial statements were available to be issued.

Note 2: Concentration of Credit Risk

The Organizations maintain cash balances at several financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC) or National Credit Union Share Insurance Fund (NCUSIF) up to \$250,000. At times during the year, balances in these accounts may exceed the insurance limits. At the end of 2018, cash balances for BMO Harris Bank (Charter #1), First Business Bank, Heartland Credit Union, DMB Community Bank, and Landmark Credit Union exceeded the limits insured by the FDIC and NCUSIF. Management believes these financial institutions have strong credit ratings and credit risk related to these deposits is minimal.

Investments, as listed in Note 3, are not insured.

Porchlight, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 3: Investments

Investments consist of the following:

	<u>Porchlight</u>	<u>Foundation</u>	<u>Total</u>
Equity and fixed income funds			
Domestic equity securities	\$ 0	\$ 203,247	\$ 203,247
International equity securities	0	82,436	82,436
Fixed Income	0	181,532	181,532
<u>Investment balance</u>	<u>\$ 0</u>	<u>\$ 467,215</u>	<u>\$ 467,215</u>

Investment loss for the year consists of the following:

	<u>Porchlight</u>	<u>Foundation</u>	<u>Total</u>
Dividend income	\$ 0	\$ 9,442	\$ 9,442
Net realized and unrealized loss	0	(42,949)	(42,949)
<u>Total</u>	<u>\$ 0</u>	<u>(\$ 33,507)</u>	<u>(\$ 33,507)</u>

Note 4: Fair Value Measurements

In accordance with generally accepted accounting principles, fair value can be measured under three levels of inputs (the fair value hierarchy). The level of an asset or liability within the fair value hierarchy is based on the lowest level of input significant to the fair value measurement of that asset or liability. Following is a brief description of each level of the fair value hierarchy:

Level 1—Fair value measurement is based on quoted prices for identical assets or liabilities in active markets.

Level 2—Fair value measurement is based on 1) quoted prices for similar assets or liabilities in active markets; 2) quoted prices for identical or similar assets or liabilities in markets that are not active; or 3) valuation models and methodologies for which all significant assumptions are or can be corroborated by observable market data. Currently, the Organizations do not have any level 2 investments.

Level 3—Fair value measurement is based on valuation models and methodologies that incorporate at least one significant assumption that cannot be corroborated by observable market data. Level 3 measurements reflect the Organization's estimates about assumptions market participants would use in measuring fair value of the asset or liability.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair value. Furthermore, while the Organizations believe its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Porchlight, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 4: Fair Value Measurements (Continued)

Information regarding the fair value of assets measured at fair value on a recurring basis as of December 31, 2018, 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)
Equity and fixed income funds:				
Domestic equity securities	\$ 203,247	\$ 203,247	\$ 0	\$ 0
International equity securities	82,436	82,436	0	0
Fixed income	181,532	181,532	0	0
Charitable trust receivable (See Note 8)	90,000	0	0	90,000
Total Assets	\$ 557,215	\$ 467,215	\$ 0	\$ 90,000

The Organizations do not have any liabilities measured at fair value on a recurring basis or any assets or liabilities measured at fair value on a non-recurring basis.

The fair value of the domestic, international and fixed income funds are based on quoted market prices. The fair value of the charitable trust is based on the expected cash flows discounted for perpetuity using a 6% discount rate with the expectation that dividends would increase 3% per year. There was no change in the fair value of the charitable trust during the fiscal year ending December 31, 2018.

Note 5: Grants Receivable

Grants receivable represent amounts due from various funding sources as follows:

U.S. Department of Housing & Urban Development	\$ 57,085
U.S. Department of Veterans Affairs	29,626
U.S. Department of Homeland Security	3,067
State of Wisconsin	7,729
County of Dane	71,654
City of Madison	50,933
Madison South Rotary	1,621
Total	\$ 221,715

Porchlight, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 6: WHEDA Reserves

The Wisconsin Housing and Economic Development Authority (WHEDA) reserves of \$534,543 in escrow represent an operating deficit reserve of \$5,811 and replacement reserves of \$528,732 associated with Porchlight, Inc.'s WHEDA mortgages (see Note 11). These funds will remain with WHEDA until Porchlight, Inc. requests to use the funds and the use is approved by WHEDA.

Note 7: Land Contract Receivable

In 2012, Porchlight, Inc. sold a portion of donated property by executing a land contract. The land contract receivable has an outstanding principal balance of \$36,093. The land contract receivable has an interest rate of 1% per year and monthly payments of \$347 with a maturity date of January 1, 2028. Porchlight, Inc. holds a lien on the property.

Note 8: Charitable Trust Receivable

Porchlight, Inc. is the beneficiary of a trust fund established by an individual's last will and testament. Accounting Standards Codification No. 958-605, *Transfer of Assets to a Not-for-Profit or Charitable Trust That Raises or Holds Contributions For Others*, requires that if a specified beneficiary (Porchlight, Inc.) has an unconditional right to receive all or a portion of a specified cash flow from the charitable trust, the beneficiary is required to recognize the beneficial interest, measuring and subsequently remeasuring its fair value, using a valuation technique such as the present value of the estimated expected future cash flows. Porchlight, Inc. receives a 5% share of current income less expenses and preferred beneficiary payments. The expected cash flows were discounted using a 6% discount rate with the expectation that dividends would increase 3% per year with the growth of the fund. The present value at December 31, 2018, was \$90,000, and the amount received in 2018 was \$5,164.

Note 9: Property and Equipment

A summary of land, buildings, improvements, and equipment are as follows:

Land	\$	3,019,031
Buildings		15,268,262
Building improvements		1,703,652
Leasehold improvements		390,090
Equipment		812,750
<hr/>		
Total cost		21,193,785
Accumulated depreciation	(7,287,923)
<hr/>		
Property and equipment, net	\$	13,905,862

Porchlight, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 10: Deferred Loans Payable

Porchlight, Inc. has received no-interest deferred payment CDBG loan funds from the City of Madison. The funds were for the purchase and/or renovation of property. The funds are to be returned to the City of Madison if the properties are sold or converted to a use other than stipulated in the CDBG loan restrictions, with the exceptions of the Mifflin Street and Johnson Street locations. The forgivable portion of the Mifflin Street and Johnson Street loans are to be forgiven at the end of a 10-year period. Mifflin Street and Johnson Street loans are to be forgiven in 2020.

Porchlight, Inc. has received a no-interest deferred payment loan from the County of Dane. The funds were for the purchase of Sunfield Street in Sun Prairie. The funds are to be returned to the County of Dane if the property is sold or converted to a use other than stipulated in the County of Dane loan restrictions. The County of Dane has agreed to forgive a portion of the loan over a period of 15 years at a rate of 6.67% per year beginning in 2017.

Deferred loans payable consist of the following:

CDBG deferred funds:

	\$
South Broom Street	20,000
Northport Drive	12,500
Sinykin Circle	25,000
North Midvale	82,731
East Washington Avenue	53,750
Russet Road	150,000
North Brooks Street	1,047,961
North Brooks Street	18,000
Pheasant Ridge Trail	340,000
Camden Road	170,000
East Johnson Street	199,116
East Mifflin Street	203,367
Nakoosa Trail	265,669
Thierer Road	170,000

CDBG and County of Dane deferred forgivable loans:

East Johnson Street	214,590
East Mifflin Street	200,200
Sunfield Street	190,666

Total deferred loans payable	3,363,550
Current portion	(14,667)

Long-term portion	\$3,348,883
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Porchlight, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 11: Mortgages Payable

Porchlight, Inc. has the following mortgages payable at December 31, 2018:

Mortgage payable to WHEDA at 2.00% interest, with monthly payments of \$1,487, and the outstanding balance due May 1, 2022. The mortgage is collateralized by property at the following locations: \$ 58,898

902 Northport
201 North Street
310 North Hamilton
316 South Broom
33-39 Sinykin Circle

Mortgage payable to WHEDA at 4.00% interest, with monthly payments of \$3,338, and the outstanding balance due September 1, 2024. The mortgage is collateralized by property at 1102 Spring Street and 609 North Midvale. 205,439

Mortgage payable to WHEDA at 2.50% interest, with monthly payments of \$1,379, and the outstanding balance due February 1, 2037. The mortgage is collateralized by property at 2718 Pheasant Ridge Trail. 241,359

Mortgage payable to WHEDA at 2.50% interest, with monthly payments of \$859, and the outstanding balance due July 1, 2035. The mortgage is collateralized by property at 1409 McKenna Boulevard. 139,878

Mortgage payable to WHEDA at 7.05% interest, with monthly payments of \$3,943, and the outstanding balance due August 1, 2025. The mortgage is collateralized by property at the locations listed below. 250,754

Mortgage payable to WHEDA at 7.05% interest, with monthly payments of \$908, and the outstanding balance due August 1, 2025. The mortgage is collateralized by property at the locations listed below. 57,455

Mortgage payable to WHEDA at 7.05% interest, with monthly payments of \$468, and the outstanding balance due August 1, 2025. The mortgage is collateralized by property at the locations listed below. 29,777

Mortgage payable to WHEDA at 0.00% interest, with monthly payments of \$3,943 deferred until September 1, 2025, and the outstanding balance due July 1, 2031. The mortgage is collateralized by property at the locations listed below. 278,380

Mortgage payable to WHEDA at 0.00% interest, with monthly payments of \$907 deferred until September 1, 2025, and the outstanding balance due July 1, 2031. The mortgage is collateralized by property at the locations listed below. 64,100

Porchlight, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 11: Mortgages Payable (Continued)

Mortgage payable to WHEDA at 0.00% interest, with monthly payments of \$468 deferred until September 1, 2025, and the outstanding balance due July 1, 2031. The mortgage is collateralized by properties at the locations listed below.	33,020
Total	1,359,060
Current mortgages payable	(108,088)
<u>Long-term mortgages payable</u>	<u>\$ 1,250,972</u>

The above mortgages to WHEDA are collateralized by the following properties:

5814 Russet Road	249/251 Broadway
5818 Russet Road	1309 Northport Drive
3342-3344 East Washington Avenue	1903 Sherman Avenue
3346-3348 East Washington Avenue	

Future maturities are as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 108,088
2020	113,200
2021	118,603
2022	113,851
2023	112,134
Thereafter	793,184
<u>Total</u>	<u>\$ 1,359,060</u>

In addition to the previously stated mortgages payable, Porchlight, Inc. has a revolving line of credit with BMO Harris Bank for \$200,000, which has no set expiration, and is secured by property at 3710 E Karstens. The line-of-credit agreement has a variable interest rate equal to the prime rate (3.5% at December 31, 2018) plus the Index Rate. The Index Rate is defined as the average of the previous month's 13-week Treasury bill auction adjusted on the first business day of each month. The rate at December 31, 2018, was 5.95%. No funds were borrowed on the line of credit at December 31, 2018.

Note 12: Retirement Plan

Porchlight, Inc. established a simplified employee pension (SEP) plan. The plan is open to all employees who are at least 21 years of age and have been employed by Porchlight, Inc. for 1,000 hours and for the preceding 12 months. The retirement benefits are fully vested with the employee at the time of contribution. Porchlight, Inc.'s contributions for the year ended December 31, 2018, were \$50,014.

Porchlight, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 13: Contingencies

Porchlight, Inc. has several donor restrictions regarding the use of funds received for acquisition and rehabilitation of properties. The funds received, which are reflected as liabilities on the statement of financial position and donor restrictions are as follows:

CDBG-Deferred Loans

As mentioned in Note 10, Porchlight, Inc. has 14 properties that were acquired or renovated with the use of deferred CDBG loans from the City of Madison. These loans would be payable to the City of Madison if the properties were sold or converted to a use other than stipulated in the CDBG loan restriction.

The deferred loan agreement of \$12,500 for Northport Drive and \$25,000 Sinykin Circle includes a further donor restriction that, upon the sale or change of the use of the property, Porchlight, Inc. will return to the City of Madison the fair market value of the assisted project, minus the pro-rated fair share of other source-funded improvements.

The deferred loan agreement of \$53,750 for East Washington Avenue includes a donor restriction that upon the sale, change of use, or discontinuance of use, Porchlight, Inc. will return to the City of Madison the fair market value of the assisted project minus the pro-rated share of other source funded improvements.

The deferred loan agreement of \$82,731 for North Midvale includes a donor restriction on \$60,669 of the funds received that should Porchlight, Inc. discontinue operation or change the use of the property, Porchlight, Inc. will repay to the City of Madison the ratio of CDBG funds to the total acquisition value multiplied by the appraisal value after improvements.

The deferred loan agreement for Pheasant Ridge Trail includes a further donor restriction that, upon the sale, transfer, or closure of the property, Porchlight, Inc. will return to the City of Madison the greater of the deferred loan amount of \$340,000, or an amount equal to 43% of the current fair market value of the property as determined by an appraiser.

The deferred loan agreement for Camden Road includes a donor restriction that upon the sale, transfer, change, or discontinuance in the permitted use of the property, Porchlight, Inc. will return to the City of Madison the greater of \$170,000, or an amount equal to 56% of the current fair market value of the property as determined by an appraiser.

The deferred loan agreement for East Johnson Street includes a donor restriction that upon the sale, transfer, change, or discontinuance in the permitted use of the property, Porchlight, Inc. will return to the City of Madison the greater of \$199,116, or an amount equal to 73% of the current fair market value of the property as determined by an appraiser.

The deferred loan agreement for East Mifflin Street includes a restriction that upon the sale, transfer, change, or discontinuance in the permitted use of the property, Porchlight, Inc. will return to the City of Madison the greater of \$239,255, or an amount equal to 75% of the current fair market value of the property as determined by an appraiser.

Porchlight, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 13: Contingencies (Continued)

CDBG-Deferred Loans (Continued)

The deferred loan agreement of \$265,669 for Nakoosa Trail includes a donor restriction that upon the sale, transfer, change, or discontinuance in the permitted use of the property, Porchlight, Inc. will repay to the City of Madison the CDBG funds.

The deferred loan agreement for Thierer Road (f/k/a Lien Road) includes a donor restriction that upon the sale, transfer, change, or discontinuance in the permitted use of the property, Porchlight, Inc. will return to the City of Madison the greater of \$170,000, or an amount equal to 4.25% of the current fair market value of the property as determined by an appraiser.

Federal Home Loan Bank (FHLB) Affordable Housing Program

Porchlight, Inc. received \$80,000 from the FHLB to construct a property at Pheasant Ridge Trail. In the event that Porchlight, Inc. would sell or convert the use of the property within a 15-year period starting April 21, 2006, Porchlight, Inc. has agreed to repay the original award.

Porchlight, Inc. received \$240,000 from the FHLB to construct a property at Thierer Road. In the event that Porchlight, Inc. would sell or convert the use of the property within a 15-year period starting April 1, 2017, Porchlight, Inc. has agreed to repay the original award.

Note 14: Rental Activity

Porchlight, Inc. rents to individuals that qualify under a variety of programs and to two commercial tenants. The majority of program tenants are under annual or shorter rental arrangements. The rental income for the commercial tenants and individual tenants for the year ended December 31, 2018, was \$36,072 and \$1,446,737, respectively. Future minimum commercial income is as follows:

Year	Amount
2019	\$ 54,398
2020	54,946
2021	55,501
2022	36,962
2023	19,629
Total	\$ 221,436

Porchlight, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 14: Rental Activity (Continued)

A summary of rental property is as follows:

	Rental Property
Land	\$ 3,019,031
Buildings	15,246,976
Building improvements	1,703,652
Equipment	599,983
Total cost	20,569,642
Accumulated depreciation	(6,769,610)
Rental property, net	\$ 13,800,032

Note 15: Lease Commitments - Lessee

Porchlight, Inc. leases various facilities and equipment for operation of its programs. Rent expense for 2018, was \$119,595. Future minimum lease payments for 2019 are \$52,051.

Note 16: Grant Awards

At December 31, 2018, Porchlight, Inc. had commitments under various ongoing grant awards of approximately \$157,000. The revenue relating to these grants is not recognized in the accompanying consolidated financial statements as revenue recognition is conditional on the incurrence of expenditures or the performance of services in the next year.

Note 17: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions or designations limiting their use, within twelve months of the statement of financial position date, comprise the following as of December 31, 2018:

	<u>Porchlight</u>	<u>Foundation</u>	<u>Total</u>
Cash	\$ 1,688,125	\$ 13,149	\$ 1,701,274
Investments	0	467,215	467,215
Grants receivable	221,715	0	221,715
Accounts receivable	198,438	0	198,438
Promises to give (current)	16,000	0	16,000
Less:			
Accounts payable designated for grant expenditures	(217,895)	0	(217,895)
Accrued payroll designated for grant expenditures	(116,156)	0	(116,156)
Deferred revenue	(149,189)	0	(149,189)
Grant funds received in advance	(1,500)	0	(1,500)
Total	\$ 1,639,538	\$ 480,364	\$ 2,119,902

Porchlight, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 17: Liquidity and Availability (Continued)

Porchlight, Inc. does not have a formal liquidity policy but generally maintains financial assets in liquid form such as cash for approximately one year of operating expenses. The Organizations invest in a broadly diversified portfolio, which can include equities, debt instruments, both private and public, and money market funds, which can be liquidated if needed. This is done with excess non-restricted funds to maximize return of investment without undue risk. Porchlight, Inc. has grant commitments for future expenses of approximately \$157,000 as further described in Note 16. Porchlight, Inc. also has a line of credit available for cash flow needs up to \$200,000 as further described in Note 11.

Supplementary Information

Porchlight, Inc. and Subsidiary

Schedule A-1

Schedule of Expenditures of Federal Awards and Other Financial Assistance

Year Ended December 31, 2018

CFDA Number	Program Name	Federal Grantor/ Pass-Through Agency	Program Period	Project Number	Grant Award	12/31/2017		Revenue			12/31/2018		
						Grant Funds Received in Advance	Net Assets	Award/Funds Recognized	Other Revenue & Transfers	Total Revenue Recognized	Expenses	Grant Funds Received in Advance	Net Assets
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT													
14.231	STABLE Program	City of Madison	07/01/17-06/30/18	JD004-WISTHP17	35,800	\$ 0	\$ 0	\$ 20,756	\$ 0	\$ 20,756	(\$ 20,756)	\$ 0	\$ 0
14.231	Single Men Outreach	City of Madison	07/01/17-06/30/18	JK004-WISESG17	25,000	0	0	11,710	0	11,710	(11,710)	0	0
14.231	Shelter Case Management	City of Madison	07/01/18-06/30/19	JK004-WISESG18	25,000	0	0	12,500	0	12,500	(12,500)	0	0
	Total CFDA #14.231 Emergency Shelter Grant Program					0	0	44,966	0	44,966	(44,966)	0	0
14.267	Coordinated Entry - Support Services	U.S. Dept. of HUD	05/01/18-04/30/19	WI0211L5I031700	64,100	0	0	20,407	0	20,407	(20,407)	0	0
14.267	Coordinated Entry - Administrative	U.S. Dept. of HUD	05/01/18-04/30/19	WI0211L5I031700	1,900	0	0	432	0	432	(432)	0	0
	Subtotals					0	0	20,839	0	20,839	(20,839)	0	0
14.267	Pheasant Ridge Trail - Operating	U.S. Dept. of HUD	05/01/17-04/30/18	WI0095L5I001609	24,961	0	0	8,413	0	8,413	(8,413)	0	0
14.267	Pheasant Ridge Trail - Support Services	U.S. Dept. of HUD	05/01/17-04/30/18	WI0095L5I001609	25,500	0	0	8,524	0	8,524	(8,524)	0	0
14.267	Pheasant Ridge Trail - Administrative	U.S. Dept. of HUD	05/01/17-04/30/18	WI0095L5I001609	2,417	0	0	693	0	693	(693)	0	0
14.267	Pheasant Ridge Trail - Operating	U.S. Dept. of HUD	05/01/18-04/30/19	WI0095L5I001710	25,710	0	0	16,208	0	16,208	(16,208)	0	0
14.267	Pheasant Ridge Trail - Support Services	U.S. Dept. of HUD	05/01/18-04/30/19	WI0095L5I001710	25,500	0	0	16,344	0	16,344	(16,344)	0	0
14.267	Pheasant Ridge Trail - Administrative	U.S. Dept. of HUD	05/01/18-04/30/19	WI0095L5I001710	2,417	0	0	1,507	0	1,507	(1,507)	0	0
	Subtotals					0	0	51,689	0	51,689	(51,689)	0	0
14.267	Housing First Leasing Project - Operating	U.S. Dept. of HUD	08/01/17-07/31/18	WI0091L5I031609	3,479	0	0	1,871	0	1,871	(1,871)	0	0
14.267	Housing First Leasing Project - Support Services	U.S. Dept. of HUD	08/01/17-07/31/18	WI0091L5I031609	19,150	0	0	11,912	0	11,912	(11,912)	0	0
14.267	Housing First Leasing Project - Leasing	U.S. Dept. of HUD	08/01/17-07/31/18	WI0091L5I031609	96,748	0	0	57,423	0	57,423	(57,423)	0	0
14.267	Housing First Leasing Project - Administrative	U.S. Dept. of HUD	08/01/17-07/31/18	WI0091L5I031609	5,823	0	0	3,300	0	3,300	(3,300)	0	0
14.267	Housing First Leasing Project - Operating	U.S. Dept. of HUD	08/01/18-07/31/19	WI0091L5I031710	3,583	0	0	1,572	0	1,572	(1,572)	0	0
14.267	Housing First Leasing Project - Support Services	U.S. Dept. of HUD	08/01/18-07/31/19	WI0091L5I031710	19,150	0	0	8,736	0	8,736	(8,736)	0	0
14.267	Housing First Leasing Project - Leasing	U.S. Dept. of HUD	08/01/18-07/31/19	WI0091L5I031710	99,650	0	0	39,855	0	39,855	(39,855)	0	0
14.267	Housing First Leasing Project - Administrative	U.S. Dept. of HUD	08/01/18-07/31/19	WI0091L5I031710	5,823	0	0	1,969	0	1,969	(1,969)	0	0
	Subtotals					0	0	126,638	0	126,638	(126,638)	0	0
14.267	Nakoosa Trail - Operating	U.S. Dept. of HUD	01/01/18-12/31/18	WI0120L5I031604	5,722	0	0	6,294	0	6,294	(6,294)	0	0
14.267	Nakoosa Trail - Support	U.S. Dept. of HUD	01/01/18-12/31/18	WI0120L5I031604	7,570	0	0	2,438	0	2,438	(2,438)	0	0
14.267	Nakoosa Trail - Administration	U.S. Dept. of HUD	01/01/18-12/31/18	WI0120L5I031604	630	0	0	630	0	630	(630)	0	0
	Subtotals					0	0	9,362	0	9,362	(9,362)	0	0
14.267	Thierer Road - Operating	U.S. Dept. of HUD	01/01/18-12/31/18	WI0179L5I031601	36,527	0	0	28,974	0	28,974	(28,974)	0	0
14.267	Thierer Road - Support	U.S. Dept. of HUD	01/01/18-12/31/18	WI0179L5I031601	119,000	0	0	80,252	0	80,252	(80,252)	0	0
14.267	Thierer Road - Administration	U.S. Dept. of HUD	01/01/18-12/31/18	WI0179L5I031601	3,000	0	0	3,238	0	3,238	(3,238)	0	0
	Subtotals					0	0	112,464	0	112,464	(112,464)	0	0
	Total CFDA #14.267 Continuum of Care Program					0	0	320,992	0	320,992	(320,992)	0	0
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT											(365,958)		
DEPARTMENT OF VETERAN'S AFFAIRS													
64.024	Veterans Transitional Housing Program	U.S. Dept. of Vet Affairs	10/01/17-09/30/18	521-0484-607-SI-18-0	257,768	0	0	184,138	0	184,138	(184,138)	0	0
64.024	Veterans Transitional Housing Program	U.S. Dept. of Vet Affairs	10/01/17-09/30/18	521-0388-607-HH-18-0	73,264	0	0	52,292	0	52,292	(52,292)	0	0
64.024	Veterans Transitional Housing Program	U.S. Dept. of Vet Affairs	10/01/18-09/30/19	521-0484-607-SI-18-0	74,500	0	0	74,500	0	74,500	(74,500)	0	0
64.024	Veterans Transitional Housing Program	U.S. Dept. of Vet Affairs	10/01/18-09/30/19	521-0388-607-HH-18-0	12,318	0	0	12,318	0	12,318	(12,318)	0	0
	Total CFDA #64.024					0	0	323,248	0	323,248	(323,248)	0	0
DEPARTMENT OF HOMELAND SECURITY													
97.024	Emergency Shelter	Emergency Food & Shelter National Board	07/01/17-01/31/18	912600-016 Phase 34	20,000	0	0	3,841	0	3,841	(3,841)	0	0
97.024	Emergency Shelter	Emergency Food & Shelter National Board	02/01/18-01/31/19	912600-016 Phase 35	10,000	0	0	8,067	0	8,067	(8,067)	0	0
	Total CFDA #97.024					0	0	11,908	0	11,908	(11,908)	0	0
DEPARTMENT OF HEALTH AND HUMAN SERVICES													
Medicaid Cluster													
93.778	Comprehensive Community Services	U.S. Dept. of HHS	01/01/17-12/31/18	83124	361,916	0	0	196,132	16,789	212,921	(212,921)	0	0
	Total Federal Programs					\$ 0	\$ 0	\$ 897,246	\$ 16,789	\$ 914,035	(\$ 914,035)	\$ 0	\$ 0

Porchlight, Inc. and Subsidiary

Schedule A-2

Schedule of Expenditures of Federal Awards and Other Financial Assistance

Year Ended December 31, 2018

CFDA Number	Program Name	Federal Grantor/ Pass-Through Agency	Program Period	Project Number	Grant Award	12/31/2017 Grant Funds Received in Advance	12/31/2017 Net Assets	Revenue			Expenses	12/31/2018 Grant Funds Received in Advance	12/31/18 Net Assets
								Award/Funds Recognized	Other Revenue & Transfers	Total Revenue Recognized			
STATE AND LOCAL PROGRAMS													
N/A	Permanent Housing Case Management	City of Madison	01/01/18-12/31/18	JD006-MADGPR18	#####	\$ 0	\$ 0	\$ 150,000	\$ 0	\$ 150,000	(\$ 150,000)	\$ 0	\$ 0
N/A	Eviction Prevention	City of Madison	01/01/18-12/31/18	JM001-MADGPR18	48,000	0	0	48,000	0	48,000	(48,000)	0	0
N/A	Street Outreach	City of Madison	01/01/18-12/31/18	JD005-MADGPR18	37,500	0	0	37,500	0	37,500	(37,500)	0	0
N/A	Shelter Case Management	City of Madison	01/01/18-12/31/18	JD007-MADGPR18	58,000	0	0	46,690	0	46,690	(46,690)	0	0
N/A	Transit-for-Jobs & Economic Self Sufficiency	City of Madison	01/01/18-12/31/18	JD014-MADGPR18	55,275	0	0	55,275	0	55,275	(55,275)	0	0
N/A	Emergency Overnight Shelter Men	County of Dane	01/01/18-12/31/18	84050-8066	161,403	0	0	161,403	0	161,403	(161,403)	0	0
N/A	Housing Case Management	County of Dane	01/01/18-12/31/18	84050-8138	26,889	0	0	25,945	0	25,945	(25,945)	0	0
N/A	Safe Haven	County of Dane	01/01/18-12/31/18	84050-8145	100,000	0	0	100,000	0	100,000	(100,000)	0	0
N/A	Outreach Prevention	County of Dane	01/01/18-12/31/18	84097-11081	28,040	0	0	28,040	0	28,040	(28,040)	0	0
N/A	School Road CBRF	County of Dane	01/01/18-12/31/18	84097-11082	168,700	0	0	168,700	0	168,700	(168,700)	0	0
N/A	Housing Services	County of Dane	01/01/18-12/31/18	84097-9219	26,285	0	0	26,285	0	26,285	(26,285)	0	0
N/A	Safe Haven Case Management	County of Dane	01/01/18-12/31/18	84097-12259	27,882	0	0	27,882	0	27,882	(27,882)	0	0
N/A	Housing Operations	United Way of Dane County	01/01/18-12/31/18	N/A	68,000	0	0	68,000	0	68,000	(68,000)	0	0
N/A	Housing First for Families	United Way of Dane County	01/01/17-12/31/18	N/A	18,700	10,408	0	0	0	0	(10,408)	0	0
N/A	Housing First for Families in Sun Prairie	United Way of Dane County	01/01/17-12/31/18	N/A	38,000	12,391	0	0	0	0	(12,391)	0	0
N/A	Housing First for Families in Sun Prairie	United Way of Dane County	01/01/17-12/31/18	N/A	38,000	0	0	38,000	0	38,000	(38,000)	0	0
N/A	Early Childhood Zone	United Way of Dane County	01/01/18-12/31/18	N/A	5,000	0	0	5,000	0	5,000	(5,000)	0	0
N/A	DIGS	United Way of Dane County	01/01/18-12/31/18	N/A	53,700	0	0	53,700	0	53,700	(53,700)	0	0
N/A	Case Management	United Way of Dane County	01/01/18-12/31/18	N/A	36,100	0	0	36,100	0	36,100	(36,100)	0	0
N/A	Employment & Life Skills	United Way of Dane County	01/01/18-12/31/18	N/A	14,153	0	0	14,153	0	14,153	(14,153)	0	0
N/A	Reducing School Mobility	United Way of Dane County	07/01/17-06/30/18	N/A	14,174	2,589	0	7,082	0	7,082	(9,671)	0	0
N/A	Reducing School Mobility	United Way of Dane County	07/01/18-12/31/18	N/A	7,082	0	0	7,082	0	7,082	(7,082)	0	0
N/A	State Shelter Subsidy Grant	State of WI-Dept. of Admin	01/01/18-12/31/18	SSSG 18-31	52,900	0	0	52,900	0	52,900	(52,900)	0	0
N/A	DIGS emergency assistance	Madison Rotary Foundation	04/01/18-12/31/18	N/A	6,267	0	0	6,267	0	6,267	(6,267)	0	0
N/A	Youth Service Grant	Madison West Kiwanis	01/01/18-12/31/18	N/A	1,500	0	0	0	1,500	1,500	(1,500)	0	0
N/A	Youth Service Grant	S. Madison Rotary Club	01/01/18-12/31/18	N/A	1,500	1,500	0	0	0	0	(1,500)	0	0
N/A	Youth Service Grant	S. Madison Rotary Club	01/01/19-12/31/19	N/A	1,500	0	0	1,500	0	1,500	0	1,500	0
GENERALLY ACCEPTED ACCOUNTING PRINCIPLE (GAAP) ADJUSTMENTS													
N/A	In-kind	N/A	N/A	N/A	N/A	0	0	0	556,973	556,973	(556,973)	0	0
N/A	Grant-Funded Property & Equipment	N/A	N/A	N/A	N/A	0	1,076,968	0	0	0	(34,112)	0	1,042,856
Total State and Local Programs and GAAP Adjustments						26,888	1,076,968	1,165,504	558,473	1,723,977	(1,783,477)	1,500	1,042,856
Total Federal, State, and Local Programs						26,888	1,076,968	2,062,750	575,262	2,638,012	(2,697,512)	1,500	1,042,856
N/A	Organizational Activities		N/A	N/A	N/A	0	11,689,681	1,500	3,122,866	3,124,366	(2,744,709)	0	12,069,338
TOTALS						\$ 26,888	\$ 12,766,649	\$ 2,064,250	\$ 3,698,128	\$ 5,762,378	(\$ 5,442,221)	\$ 1,500	\$ 13,112,194

Notes to Schedule of Expenditures of Federal Awards and Other Financial Assistance

Note 1 - Basis of Presentation

The Schedule of Expenditures of Federal Awards and Other Financial Assistance (the "Schedule") includes the federal grant activity of Porchlight, Inc. under programs of the federal government for the year ended December 31, 2018. 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 Porchlight, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Porchlight, Inc.

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. Pass-through entity identifying numbers are presented where available.

Note 3 - Subrecipients

No federal grant awards were passed through to subrecipients during the year ended December 31, 2018.

Note 4 - Indirect Cost Rate

Porchlight, Inc. has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Porchlight, Inc. and Subsidiary

Consolidating Statement of Financial Position

December 31, 2018

<i>Assets</i>	Porchlight		Total
	Porchlight, Inc.	Foundation, Inc.	
Current assets:			
Cash	\$ 1,688,125	\$ 13,149	\$ 1,701,274
Investments	0	467,215	467,215
Grants receivable	221,715	0	221,715
Accounts receivable	198,438	0	198,438
Land contract receivable	3,777	0	3,777
Promises to give	16,000	0	16,000
Inventory	32,369	0	32,369
Prepaid expenses	41,945	0	41,945
Total current assets	2,202,369	480,364	2,682,733
Other assets:			
WHEDA reserves	534,543	0	534,543
Certificates of deposit	1,063,090	0	1,063,090
Land contract receivable	32,316	0	32,316
Promises to give	11,000	0	11,000
Charitable trust receivable, net	90,000	0	90,000
Total other assets	1,730,949	0	1,730,949
Property and equipment, net	13,905,862	0	13,905,862
TOTAL ASSETS	\$ 17,839,180	\$ 480,364	\$ 18,319,544
<i>Liabilities and Net Assets</i>			
Current liabilities:			
Current portion of mortgages payable	\$ 108,088	\$ 0	\$ 108,088
Current portion of deferred loans payable	14,667	0	14,667
Accounts payable	217,895	0	217,895
Accrued payroll and related expenses	116,156	0	116,156
Deferred revenue	149,189	0	149,189
Grant funds received in advance	1,500	0	1,500
Total current liabilities	607,495	0	607,495
Long-term liabilities:			
Deferred loans payable	3,348,883	0	3,348,883
Mortgages payable	1,250,972	0	1,250,972
Total long-term liabilities	4,599,855	0	4,599,855
Total liabilities	5,207,350	0	5,207,350
Net assets - Without donor restrictions	12,631,830	480,364	13,112,194
TOTAL LIABILITIES AND NET ASSETS	\$ 17,839,180	\$ 480,364	\$ 18,319,544

Porchlight, Inc. and Subsidiary

Consolidating Statement of Activities
Year Ended December 31, 2018

	Without Donor Restrictions			With Donor Restrictions			Totals
	Porchlight, Inc.	Porchlight Foundation, Inc.	Total	Porchlight, Inc.	Porchlight Foundation, Inc.	Total	
Revenue:							
Grant revenue	\$ 2,089,638	\$ 0	\$ 2,089,638	\$ 0	\$ 0	\$ 0	\$ 2,089,638
Investment loss	0	(33,507)	(33,507)	0	0	0	(33,507)
Contributions	1,243,723	7,773	1,251,496	0	0	0	1,251,496
Rental income	1,482,809	0	1,482,809	0	0	0	1,482,809
Program fees	10,648	0	10,648	0	0	0	10,648
Miscellaneous	202,899	0	202,899	0	0	0	202,899
Gain on sale of property and equipment	226,810	0	226,810	0	0	0	226,810
In-kind contributions	556,973	0	556,973	0	0	0	556,973
Total revenue	5,813,500	(25,734)	5,787,766	0	0	0	5,787,766
Program expenses:							
Homeless men's drop-in shelter	981,224	0	981,224	0	0	0	981,224
Safe Haven	394,644	0	394,644	0	0	0	394,644
Housing	2,927,290	0	2,927,290	0	0	0	2,927,290
Brooks Street	546,787	0	546,787	0	0	0	546,787
Total program expenses	4,849,945	0	4,849,945	0	0	0	4,849,945
Management and general	459,607	4,990	464,597	0	0	0	464,597
Fundraising	127,679	0	127,679	0	0	0	127,679
Total management, general, and fundraising	587,286	4,990	592,276	0	0	0	592,276
Total expenses	5,437,231	4,990	5,442,221	0	0	0	5,442,221
Change in net assets	376,269	(30,724)	345,545	0	0	0	345,545
Net assets - Beginning of the year	11,178,593	511,088	11,689,681	1,076,968	0	1,076,968	12,766,649
Reclassification of net assets - change in accounting polic	1,076,968	0	1,076,968	(1,076,968)	0	(1,076,968)	0
Net assets - Beginning of year as restated	12,255,561	511,088	12,766,649	0	0	0	12,766,649
Net assets - End of the year	\$12,631,830	\$ 480,364	\$ 13,112,194	\$ 0	\$ 0	\$ 0	\$13,112,194

Porchlight, Inc. and Subsidiary

Schedule B

Schedule of Revenue and Expenses by Funding Source and by Contract

Year Ended December 31, 2018

	Revenue Source										
	Emergency Overnight Shelter Men			Housing Case Management	Housing Services	Outreach Prevention	School Road CBRF	Safe Haven Case Management	Safe Haven	Comprehensive Community Services	Total Programs
	Dane County	State of Wisconsin	Total	Dane County	Dane County	Dane County	Dane County	Dane County	Dane County	Dane County	
Total Revenue	\$ 161,403	\$ 52,900	\$ 214,303	\$ 25,945	\$ 26,285	\$ 28,040	\$ 168,700	\$ 27,882	\$ 100,000	\$ 196,132	\$ 787,287
EXPENSES											
Program expenses:											
Personnel	147,520	35,800	183,320	4,389	26,285	28,040	129,765	27,882	100,000	140,397	640,078
Operating	0	0	0	0	0	0	15,500	0	0	19,429	34,929
Space	0	17,100	17,100	0	0	0	15,000	0	0	23,811	55,911
Special costs	0	0	0	21,556	0	0	0	0	0	0	21,556
Other expense	0	0	0	0	0	0	0	0	0	0	0
Total program expenses	147,520	52,900	200,420	25,945	26,285	28,040	160,265	27,882	100,000	183,637	752,474
Administrative expenses:											
Personnel	13,883	0	13,883	0	0	0	7,035	0	0	23,275	44,193
Operating	0	0	0	0	0	0	1,400	0	0	6,009	7,409
Space	0	0	0	0	0	0	0	0	0	0	0
Special costs	0	0	0	0	0	0	0	0	0	0	0
Other expense	0	0	0	0	0	0	0	0	0	0	0
Total administrative expenses	13,883	0	13,883	0	0	0	8,435	0	0	29,284	51,602
Total Expenses	161,403	52,900	214,303	25,945	26,285	28,040	168,700	27,882	100,000	212,921	804,076
EXCESS OF REVENUE OVER EXPENSES	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	(\$ 16,789)	(\$ 16,789)

Consolidated Statement of Financial Position

Schedule C

Surplus Retention Supplemental Schedule

Year Ended December 31, 2018

Total units of services	<u>6,172</u>
Allowable expenses for rate-based service	<u>\$ 212,921</u>
Total revenue for rate-based service	<u>\$ 196,132</u>
Excess (deficiency) revenue over expenses	<u>\$ (16,789)</u>
Surplus retention per WI Statutes 5%	<u>\$ 0</u>
Calculation of amounts due purchaser:	<u>\$ 0</u>

Calculation of surplus retention and amounts due to purchasers

<u>Purchaser</u>	<u>Revenue from purchaser</u>	<u>Purchaser's share of total revenue</u>	<u>Portion of surplus retention to agency</u>	<u>Purchaser's share of excess retention surplus</u>	<u>Amount due to purchaser</u>
Porchlight, Inc.	\$ 196,132	100%	\$ 9,807	\$ 0	\$ 0

Porchlight, Inc. and Subsidiary

Dane County Department of Human Services Provider Agency Expense Report Year Ended December 31, 2018

DANE COUNTY DEPARTMENT OF HUMAN SERVICES

PROVIDER AGENCY EXPENSE REPORT THROUGH:

December 31, 2018

Provider Name:	Porchlight, Inc.	Contract #:	84050	*Provider Certified By:	2/6/2019
Program Name:	Emergency Overnight Shelter	Program Group #:	8066		Date

	1 Approved County-Funded Budget	2 YTD County-Funded Admin Expense	3 YTD County-Funded Program Expense	4 YTD County-Funded Expense Total (= Col. 2 + 3)	5 YTD County-Funded Budget	6 YTD % Variance from Budget
A PERSONNEL						
Salaries	132,900	10,722	122,152	132,874	132,900	
Taxes	10,830	831	9,760	10,591	10,830	
Benefits	17,673	2,330	15,608	17,938	17,673	
Subtotal A	161,403	13,883	147,520	161,403	161,403	0.00%
B OPERATING						
Insurance						
Professional Fees						
Audit						
Data Processing Fees						
Postage, Office, and Program Supplies						
Equipment/Furnishings						
Depreciation						
Telephone						
Training/Conference						
Food/Household Supplies						
Auto Allowance						
Vehicle Costs						
Other1:						
Subtotal B	0	0	0	0	0	
C SPACE						
Rent						
Utilities						
Maintenance						
Mortgage Interest, Depreciation,						
Property Taxes						
Subtotal C	0	0	0	0	0	
D SPECIAL COSTS						
Assistance to Individuals				0		
Subtotal D	0	0	0	0	0	
E OTHER						
Other2:						
Subtotal E	0	0	0	0	0	
This section for Adult - DD only.						
F. OFF-SETTING REVENUE						
Show as negative numbers:						
Government Benefits (SSI, SSDI, etc.)						
Private Pay (Trust Funds, etc.)						
Cost Share						
Other						
Subtotal F	0	0	0	0	0	
TOTAL A THROUGH F	161,403	13,883	147,520	161,403	161,403	0.00%

*CERTIFICATION: I certify the expenses listed above are true, correct, and allowable, in the amount stated and have not been reimbursed heretofore.

Porchlight, Inc. and Subsidiary

Dane County Department of Human Services Provider Agency Expense Report Year Ended December 31, 2018

DANE COUNTY DEPARTMENT OF HUMAN SERVICES

PROVIDER AGENCY EXPENSE REPORT THROUGH:

December 31, 2018

Provider Name:	Porchlight, Inc.	Contract #:	84050	*Provider Certified By:	2/6/2019
Program Name:	Housing Case Management	Program Group #:	8138		Date

	1 Approved County-Funded Budget	2 YTD County-Funded Admin Expense	3 YTD County-Funded Program Expense	4 YTD County-Funded Expense Total (= Col. 2 + 3)	5 YTD County-Funded Budget	6 YTD % Variance from Budget
A PERSONNEL						
Salaries	3,500		3,275	3,275	3,500	
Taxes	300		253	253	300	
Benefits	589		861	861	589	
Subtotal A	4,389	0	4,389	4,389	4,389	0.00%
B OPERATING						
Insurance						
Professional Fees						
Audit						
Data Processing Fees						
Postage, Office, and Program Supplies						
Equipment/Furnishings						
Depreciation						
Telephone						
Training/Conference						
Food/Household Supplies						
Auto Allowance						
Vehicle Costs						
Other1:						
Subtotal B	0	0	0	0	0	
C SPACE						
Rent						
Utilities						
Maintenance						
Mortgage Interest, Depreciation,						
Property Taxes						
Subtotal C	0	0	0	0	0	
D SPECIAL COSTS						
Assistance to Individuals	22,500		21,556	21,556	22,500	
Subtotal D	22,500	0	21,556	21,556	22,500	-4.20%
E OTHER						
Other2:						
Subtotal E	0	0	0	0	0	
This section for Adult - DD only.						
F. OFF-SETTING REVENUE						
Show as negative numbers:						
Government Benefits (SSI, SSDI, etc.)						
Private Pay (Trust Funds, etc.)						
Cost Share						
Other						
Subtotal F	0	0	0	0	0	
TOTAL A THROUGH F	26,889	0	25,945	25,945	26,889	-3.51%

*CERTIFICATION: I certify the expenses listed above are true, correct, and allowable, in the amount stated and have not been reimbursed heretofore.

Porchlight, Inc. and Subsidiary

Dane County Department of Human Services Provider Agency Expense Report Year Ended December 31, 2018

DANE COUNTY DEPARTMENT OF HUMAN SERVICES

PROVIDER AGENCY EXPENSE REPORT THROUGH:

December 31, 2018

Provider Name:	Porchlight, Inc.	Contract #:	84050	*Provider Certified By:		Date	2/13/2019
Program Name:	Safe Haven	Program Group #:	8145				
	1 Approved County-Funded Budget	2 YTD County-Funded Admin Expense	3 YTD County-Funded Program Expense	4 YTD County-Funded Expense Total (= Col. 2 + 3)	5 YTD County-Funded Budget	6 YTD % Variance from Budget	
A PERSONNEL							
Salaries	64,100		80,329	80,329	64,100		
Taxes	5,000		6,536	6,536	5,000		
Benefits	30,900		13,135	13,135	30,900		
Subtotal A	100,000	0	100,000	100,000	100,000	0.00%	
B OPERATING							
Insurance							
Professional Fees							
Audit							
Data Processing Fees							
Postage, Office, and Program Supplies							
Equipment/Furnishings							
Depreciation							
Telephone							
Training/Conference							
Food/Household Supplies							
Auto Allowance							
Vehicle Costs							
Other1:							
Subtotal B	0	0	0	0	0	#DIV/0!	
C SPACE							
Rent							
Utilities							
Maintenance							
Mortgage Interest, Depreciation, Property Taxes							
Subtotal C	0	0	0	0	0	#DIV/0!	
D SPECIAL COSTS							
Assistance to Individuals							
Subtotal D	0	0	0	0	0		
E OTHER							
Other2:							
Subtotal E	0	0	0	0	0		
This section for Adult - DD only.							
F OFF-SETTING REVENUE							
Show as negative numbers:							
Government Benefits (SSI, SSDI, etc.)							
Private Pay (Trust Funds, etc.)							
Cost Share							
Other							
Subtotal F	0	0	0	0	0		
TOTAL A THROUGH F	100,000	0	100,000	100,000	100,000	0.00%	

*CERTIFICATION: I certify the expenses listed above are true, correct, and allowable, in the amount stated and have not been reimbursed heretofore.

Porchlight, Inc. and Subsidiary

Dane County Department of Human Services Provider Agency Expense Report Year Ended December 31, 2018

DANE COUNTY DEPARTMENT OF HUMAN SERVICES

PROVIDER AGENCY EXPENSE REPORT THROUGH:

December 31, 2018

Provider Name:	Porchlight, Inc.	Contract #:	84097	*Provider Certified By:		Date	2/13/2019
Program Name:	Outreach Prevention	Program Group #:	11081				
	1 Approved County-Funded Budget	2 YTD County-Funded Admin Expense	3 YTD County-Funded Program Expense	4 YTD County-Funded Expense Total (= Col. 2 + 3)	5 YTD County-Funded Budget	6 YTD % Variance from Budget	
A PERSONNEL							
Salaries	23,700		23,728	23,728	23,700		
Taxes	2,000		1,822	1,822	2,000		
Benefits	2,340		2,490	2,490	2,340		
Subtotal A	28,040	0	28,040	28,040	28,040	0.00%	
B OPERATING							
Insurance							
Professional Fees							
Audit							
Data Processing Fees							
Postage, Office, and Program Supplies							
Equipment/Furnishings							
Depreciation							
Telephone							
Training/Conference							
Food/Household Supplies							
Auto Allowance							
Vehicle Costs							
Other1:							
Subtotal B	0	0	0	0	0		
C SPACE							
Rent							
Utilities							
Maintenance							
Mortgage Interest, Depreciation, Property Taxes							
Subtotal C	0	0	0	0	0		
D SPECIAL COSTS							
Assistance to Individuals							
Subtotal D	0	0	0	0	0		
E OTHER							
Other2:							
Subtotal E	0	0	0	0	0		
This section for Adult - DD only.							
F OFF-SETTING REVENUE							
Show as negative numbers:							
Government Benefits (SSI, SSDI, etc.)							
Private Pay (Trust Funds, etc.)							
Cost Share							
Other							
Subtotal F	0	0	0	0	0		
TOTAL A THROUGH F	28,040	0	28,040	28,040	28,040	0.00%	

*CERTIFICATION: I certify the expenses listed above are true, correct, and allowable, in the amount stated and have not been reimbursed heretofore.

Porchlight, Inc. and Subsidiary

Dane County Department of Human Services Provider Agency Expense Report Year Ended December 31, 2018

DANE COUNTY DEPARTMENT OF HUMAN SERVICES

PROVIDER AGENCY EXPENSE REPORT THROUGH:

December 31, 2018

Provider Name:	Porchlight, Inc.	Contract #:	84097	*Provider Certified By:	2/15/2019
Program Name:	School Road CBRF	Program Group #:	11082		Date

	1 Approved County-Funded Budget	2 YTD County-Funded Admin Expense	3 YTD County-Funded Program Expense	4 YTD County-Funded Expense Total (= Col. 2 + 3)	5 YTD County-Funded Budget	6 YTD % Variance from Budget
A PERSONNEL						
Salaries	101,700	5,423	96,553	101,976	101,700	
Taxes	7,900	413	7,551	7,964	7,900	
Benefits	27,200	1,199	25,661	26,860	27,200	
Subtotal A	136,800	7,035	129,765	136,800	136,800	0.00%
B OPERATING						
Insurance	3,300		3,248	3,248	3,300	
Professional Fees	300	259		259	300	
Audit	400	387		387	400	
Data Processing Fees						
Postage, Office, and Program Supplies	200	194		194	200	
Equipment/Furnishings						
Depreciation						
Telephone	2,100	461	1,706	2,167	2,100	
Training/Conference						
Food/Household Supplies	10,500		10,546	10,546	10,500	
Auto Allowance						
Vehicle Costs						
Other1: misc & bad debts	100	99		99	100	
Subtotal B	16,900	1,400	15,500	16,900	16,900	0.00%
C SPACE						
Rent						
Utilities	4,000		4,388	4,388	4,000	
Maintenance	11,000		10,612	10,612	11,000	
Mortgage Interest, Depreciation						
Property Taxes						
Subtotal C	15,000	0	15,000	15,000	15,000	0.00%
D SPECIAL COSTS						
Assistance to Individuals						
Subtotal D	0	0	0	0	0	
E OTHER						
Other2:						
Subtotal E	0	0	0	0	0	
This section for Adult - DD only.						
F OFF-SETTING REVENUE						
Show as negative numbers:						
Government Benefits (SSI, SSDI, etc.)	0		0			
Private Pay (Trust Funds, etc.)	0		0			
Cost Share	0		0			
Other	0		0			
Subtotal F	0	0	0	0	0	
TOTAL A THROUGH F	168,700	8,435	160,265	168,700	168,700	0.00%

*CERTIFICATION: I certify the expenses listed above are true, correct, and allowable, in the amount stated and have not been reimbursed heretofore.

Porchlight, Inc. and Subsidiary

Dane County Department of Human Services Provider Agency Expense Report Year Ended December 31, 2018

DANE COUNTY DEPARTMENT OF HUMAN SERVICES

PROVIDER AGENCY EXPENSE REPORT THROUGH:

December 31, 2018

Provider Name:	Porchlight, Inc.	Contract #:	84097	*Provider Certified By:	2/13/2019
Program Name:	Housing Services	Program Group #:	9219		Date

	1 Approved County-Funded Budget	2 YTD County-Funded Admin Expense	3 YTD County-Funded Program Expense	4 YTD County-Funded Expense Total (= Col. 2 + 3)	5 YTD County-Funded Budget	6 YTD % Variance from Budget
A PERSONNEL						
Salaries	20,100		16,339	16,339	20,100	
Taxes	1,500		1,176	1,176	1,500	
Benefits	4,685		8,770	8,770	4,685	
Subtotal A	26,285	0	26,285	26,285	26,285	0.00%
B OPERATING						
Insurance						
Professional Fees						
Audit						
Data Processing Fees						
Postage, Office, and Program Supplies						
Equipment/Furnishings						
Depreciation						
Telephone						
Training/Conference						
Food/Household Supplies						
Auto Allowance						
Vehicle Costs						
Other1:						
Subtotal B	0	0	0	0	0	
C SPACE						
Rent						
Utilities						
Maintenance						
Mortgage Interest, Depreciation, Property Taxes						
Subtotal C	0	0	0	0	0	
D SPECIAL COSTS						
Assistance to Individuals						
Subtotal D	0	0	0	0	0	
E OTHER						
Other2:						
Subtotal E	0	0	0	0	0	
This section for Adult - DD only.						
F OFF-SETTING REVENUE						
Show as negative numbers:						
Government Benefits (SSI, SSDI, etc.)						
Private Pay (Trust Funds, etc.)						
Cost Share						
Other						
Subtotal F	0	0	0	0	0	
TOTAL A THROUGH F	26,285	0	26,285	26,285	26,285	0.00%

*CERTIFICATION: I certify the expenses listed above are true, correct, and allowable, in the amount stated and have not been reimbursed heretofore.

Porchlight, Inc. and Subsidiary

Dane County Department of Human Services Provider Agency Expense Report Year Ended December 31, 2018

DANE COUNTY DEPARTMENT OF HUMAN SERVICES

PROVIDER AGENCY EXPENSE REPORT THROUGH:

December 31, 2018

Provider Name:		Porchlight, Inc.	Contract #:		84097	*Provider Certified By:		2/13/2019
Program Name:		Save Haven	Program Group #:		12559	Date		
	1 Approved County-Funded Budget	2 YTD County-Funded Admin Expense	3 YTD County-Funded Program Expense	4 YTD County-Funded Expense Total (= Col. 2 + 3)	5 YTD County-Funded Budget	6 YTD % Variance from Budget		
A PERSONNEL								
Salaries	28,000		21,841	21,841	28,000			
Taxes	2,000		1,697	1,697	2,000			
Benefits	5,000		4,344	4,344	5,000			
Subtotal A	35,000	0	27,882	27,882	35,000	-20.34%		
B OPERATING								
Insurance								
Professional Fees								
Audit								
Data Processing Fees								
Postage, Office, and Program Supplies								
Equipment/Furnishings								
Depreciation								
Telephone								
Training/Conference								
Food/Household Supplies								
Auto Allowance								
Vehicle Costs								
Other1:								
Subtotal B	0	0	0	0	0	#DIV/0!		
C SPACE								
Rent								
Utilities								
Maintenance								
Mortgage Interest, Depreciation, Property Taxes								
Subtotal C	0	0	0	0	0			
D SPECIAL COSTS								
Assistance to Individuals								
Subtotal D	0	0	0	0	0			
E OTHER								
Other2:								
Subtotal E	0	0	0	0	0			
This section for Adult - DD only.								
F OFF-SETTING REVENUE								
Show as negative numbers:								
Government Benefits (SSI, SSDI, etc.)								
Private Pay (Trust Funds, etc.)								
Cost Share								
Other								
Subtotal F	0	0	0	0	0			
TOTAL A THROUGH F	35,000	0	27,882	27,882	35,000	-20.34%		

*CERTIFICATION: I certify the expenses listed above are true, correct, and allowable, in the amount stated and have not been reimbursed heretofore.



Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Board of Directors
Porchlight, Inc. and Subsidiary
Madison, 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 Porchlight, Inc. and Subsidiary (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2018, 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, and have issued our report thereon dated June 13, 2019. The financial statements of Porchlight Foundation, Inc. were not audited in accordance with the *Government Auditing Standards* and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with this entity.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Wipfli LLP

Wipfli LLP

June 13, 2019

Madison, Wisconsin



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

Board of Directors
Porchlight, Inc. and Subsidiary
Madison, Wisconsin

Report on Compliance for Each Major Federal and State Program

We have audited Porchlight, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration, that could have a direct and material effect on Porchlight, Inc.'s major federal and state programs for the year ended December 31, 2018. Porchlight, Inc.'s major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility for Compliance

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Porchlight, Inc.'s major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; 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 State of Wisconsin Department of Administration. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about Porchlight, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal and state programs. However, our audit does not provide a legal determination on Porchlight, Inc.'s compliance.

Opinion on Each Major Federal and State Program

In our opinion, Porchlight, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal and state programs for the year ended December 31, 2018.

Report on Internal Control Over Compliance

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

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

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

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

Wipfli LLP

Wipfli LLP

June 13, 2019
Madison, Wisconsin

Porchlight, Inc. and Subsidiary

Schedule of Findings and Questioned Costs

Section I - Summary of Auditor's Results

Financial Statements

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

Federal and State Awards

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

Identification of major federal and state programs:

<u>Name of Federal Major Program or Cluster</u>	<u>CFDA No.</u>
U.S. Department of Housing and Urban Development Continuum of Care Program	14.267

<u>Name of State Major Program</u>
Dane County Department of Human Services, Homeless Grant

Dollar threshold used to distinguish between Type A and Type B programs:	
Federal	\$750,000
State	\$250,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

None

Porchlight, Inc. and Subsidiary

Schedule of Findings and Questioned Costs

Section III - Federal and State Award Findings and Questioned Costs

None

Section IV - Summary Schedule of Prior Year Findings

None

Section V - Other Issues

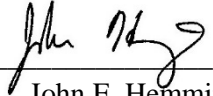
Does the auditor's report or the notes to the financial statements include Disclosure with regard to substantial doubt as to the auditee's ability to Continue as a going concern? No

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

Department of Health Services	No
Department of Administration	No

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

Name and signature of partner in charge



John E. Hemming, CPA
June 13, 2019

Date of report