



**PUBLIC NOTICE & AGENDA**  
**BELOIT COMMUNITY DEVELOPMENT AUTHORITY**  
**City Hall Forum - 100 State Street, Beloit, WI 53511**  
**4:30 PM**  
**Wednesday, April 26, 2023**

1. CALL TO ORDER AND ROLL CALL
2. MINUTES
  - 2.a. Consideration of the minutes of the March 22, 2023 Community Development Authority meeting  
[Attachment](#)
3. PUBLIC COMMENT
4. BELOIT HOUSING AUTHORITY
  - 4.a. Presentation of the March Activity Report (Cole)  
[Attachment](#)
5. COMMUNITY AND HOUSING SERVICES
  - 5.a. Consideration of Resolution 2023-05 recommending the award of Home Investment Partnership Program funds for Down Payment Assistance to eligible applicants (Christensen)  
[Attachment](#)
  - 5.b. The Community Development Authority may adjourn into closed session pursuant to section 19.85(1)(e), Wis. Stats. for the purpose of deliberating or negotiating the purchasing of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session: namely to consider potential sale of 1235 Dewey Avenue. The Community Development Authority may thereafter reconvene in open session pursuant to section 19.85(2), Wis. Stats., for possible action on a matter(s) discussed in closed session. (Christensen)
  - 5.c. Consideration of Resolution 2023-04 recommending approval of the American Rescue Plan Act (ARPA) funding allocation (Downing)  
[Attachment](#)
6. SUCH OTHER MATTERS AS AUTHORIZED BY LAW  
*No business to discuss*
7. ADJOURNMENT

\*\* Please note that, upon reasonable notice, at least 24 hours in advance, efforts will be made to accommodate the needs of disabled individuals through appropriate aids and services. For additional information to request this service, please contact the City Clerk's Office at 364-6680, 100 State Street, Beloit, WI 53511.



**MINUTES**  
**COMMUNITY DEVELOPMENT AUTHORITY**  
**City Hall Forum - 100 State Street, Beloit, WI 53511**  
**4:30 PM**  
**Wednesday, March 22, 2023**

This meeting of the City of Beloit Community Development Authority was held on Wednesday, March 22, 2023 in the Forum of Beloit City Hall, 100 State Street.

**1. CALL TO ORDER AND ROLL CALL**

Meeting was called to order by Chairperson Philip Gorman at 4:35 p.m. Councilor Forbeck, Commissioner Rodriguez and Vice Chairperson Hartke were present. Councilor Leavy was absent.

**2. MINUTES**

**2.a. Consideration of the minutes of the March 8, 2023 Community Development Authority meeting**

Motion to approve was made by Councilor Forbeck and seconded by Vice Chairperson Hartke. Motion was approved, voice vote (4-0).

**3. PUBLIC COMMENT**

No public comments were submitted.

**4. BELOIT HOUSING AUTHORITY**

**4.a. Presentation of The February Activity Report 2023**

The February Activity Report was presented by Clinton Cole, Beloit Housing Authority Director.

Councilor Forbeck commented that it was wonderful that Maria had obtained the certifications and attended training. They wanted Clint to let Maria know that she did a good job.

**4.b. Presentation of the December 2022 Financial Report**

The December 2022 Financial Report was presented by Clinton Cole, Beloit Housing Authority Director.

**5. COMMUNITY AND HOUSING SERVICES**

**5.a. Presentation of the 2022 Consolidated Annual Performance Evaluation Report**

Presentation of the 2022 Consolidated Annual Performance Evaluation Report was presented by Megan McBride, Grants Administrator.

Teri Downing provided an explanation of the City's code enforcement program, and there was a discussion about the program.

6. **SUCH OTHER MATTERS AS AUTHORIZED BY LAW**

No business to discuss

7. **ADJOURNMENT**

Motion was made by Councilor Forbeck, seconded by Vice Chairperson Hartke adjourn the meeting at 5:12 p.m. Motion was approved, voice vote (4-0).

# REPORTS AND PRESENTATIONS TO COMMUNITY DEVELOPMENT AUTHORITY



<b>Agenda Number:</b>	4a		
<b>Topic:</b>	March Activity Report		
<b>Date:</b>	April 26, 2023		
<b>Presenter:</b>	Clinton Cole	<b>Division:</b>	Beloit Housing Authority

## Overview/Background Information

The Housing Authority provides monthly activity reports to the Community Development Authority. This report is for information only.

## Key Issues

### Public Housing:

At the end of this reporting period, there were two public housing vacancies. Four annual and seven interim certifications were completed. 18 public housing inspections were conducted.

### Housing Choice Voucher (Section 8):

456 vouchers were housed on March 31, 2023, and six port-in vouchers were administered. The Housing Specialists completed 39 annual and 31 interim recertifications during this reporting period. 66 Housing Quality Standards (HQS) inspections were completed.

On March 15<sup>th</sup> a HUD-contracted Inspector performed a Real Estate Assessment Center (REAC) physical inspection at BHA's Phase 2 Scattered Site units. The properties received a score of 89b. The purpose of the REAC physical inspections is to ensure that Public Housing Authorities are maintaining their properties according to HUD-defined industry standards to provide decent, safe, and sanitary housing. In addition, the physical inspection scores are one of four criteria that are used to determine BHA's Public Housing Assessment System (PHAS) score.

## Conformance with Strategic Plan

Approval of this action would conform with the stated purpose of the following strategic goal:

- Goal #1 - Create and Sustain Safe and Healthy Neighborhoods
- Goal #2 - Create and Sustain a High Performing Organization
- Goal #3 - Create and Sustain Economic and Residential Growth
- Goal #4 - Create and Sustain a High Quality of Life
- Goal #5 - Create and Sustain High Quality Infrastructure and Connectivity
- Goal #6 - Create and Sustain Enhanced Communications and Community Engagement, while maintaining a Positive Image

## Sustainability

If applicable, briefly comment on the environmental, economic, and/or social sustainability of this policy or program. Consider how current needs are met without compromising the ability of future generations to meet their own needs.

**Write N/A if not applicable:** N/A

## Action Required/Recommendation

No action required. Information only.

## Fiscal Note/Budget Impact

All fiscal/budget impacts are noted in the report.

## Attachments

March 2023 Activity Report

**Beloit Community Development Authority  
Activity Report to Board for March 2023**

**PUBLIC HOUSING**

Total Public Housing Units	131 Units	
Occupied on 3/31/2023	129 Units	98% Occupancy
Vacancies on 3/31/2023	2 Units	2% Vacancy
Vacancies by Type		
Elderly	1 Unit	98% Occupancy
Family	1 Unit	99% Occupancy

**Public Housing Inspections**

15 annual inspections and three move-in inspections were completed during this reporting period.

**Public Housing Activities**

Annual Recertifications	11
Interim Recertifications	3
Tenant notices to Vacate *Not due to eviction	1
New Tenants	3
Transfers	0
Lease Terminations	0
Possible Program Violations	1
Evictions	0

**Public Housing Briefings**

Number Notified	10
Number Briefed	5

**Section 8 Program**

Total Under Lease on 3/31/2023	456 Vouchers
Total Portable Vouchers Paid	0 Vouchers
Total Port Out*	0 Vouchers
Total Port In*	6 Vouchers
February HCV HAP Funds Received	\$265,345
February HCV HAP Funds Expended	\$262,861
Current Per Unit Cost (PUC)	\$576

\* Port Out – Not absorbed by other Housing Authorities; paid by Beloit Housing Authority

\* Port In – Portable vouchers administered by BHA but paid by other Housing Authorities

### **Section 8 Inspections**

The BHA Inspector completed 34 annual inspections, 27 reinspections, four initial, and one special inspection during this reporting period.

### **Section 8 Activities**

New Participants	2
Annual Recertifications	39
Interim Recertifications	31
Abatements	5
Unit Transfers	1
Possible Program Violations	0
End of Program	1
Port Ins	0
Port Outs	0

### **Section 8 Briefings**

Number Notified	0
Number Briefed/Vouchers Issued	14

### **APPLICATIONS ON WAITING LIST**

Public Housing East	88
Public Housing West	90
Parker Bluff	188
Section 8 Program	286

### **Family Self-Sufficiency Participants**

Section 8 – 21

Public Housing – 14

# REPORTS AND PRESENTATIONS TO COMMUNITY DEVELOPMENT AUTHORITY



<b>Agenda #:</b>	5a		
<b>Topic:</b>	Resolution 2023-05, Recommending Approval of the HOME Investment Partnerships Program (HOME) Down Payment Assistance Funds		
<b>Date:</b>	April 26, 2023		
<b>Presenter:</b>	Julie Christensen	<b>Division:</b>	Community and Housing Services

## Overview/Background Information

The City is a member of the Rock County HOME Consortium. As a result, the City receives an annual allocation of Home Investment Partnership Program (HOME) funds. The Consortium Agreement was amended in 2016 to allocate additional dollars to the City of Beloit. Starting in 2017, the City of Beloit receives 28 percent of the project funds. In addition, the City also receives funds for administrative activities, which includes staff time to operate the program.

## Key Issues

1. In November, 2022, the City Council approved a HOME budget which included \$195,000 for down payment assistance. \$45,000 of those funds are already allocated to NeighborWorks Blackhawk Region for City-funded HOME projects.
2. City staff requested applications for down payment assistance and have received applications from two agencies: Acts Housing and NeighborWorks Blackhawk Region. The applications are attached. The total amount requested is listed below:

Name of Agency	Amount Requested
Acts Housing	\$100,000
NeighborWorks Blackhawk Region	\$79,040

3. Staff recommends awarding \$75,000 in HOME funds to each agency for Down Payment Assistance. Both applicants will be in attendance to present their application to the CDA.

## Conformance with Strategic Plan

Approval of this agreement would conform with the stated purpose of the following strategic goal:

- Goal #1 - Create and Sustain Safe and Healthy Neighborhoods
- Goal #2 - Create and Sustain a High Performing Organization
- Goal #3 - Create and Sustain Economic and Residential Growth
- Goal #4 - Create and Sustain a High Quality of Life
- Goal #5 - Create and Sustain High Quality Infrastructure and Connectivity
- Goal #6 - Create and Sustain a Positive Image, Enhance Communications and Engage the Community

## Sustainability

(If applicable, briefly comment on the environmental, economic, and/or social sustainability of this policy or program. Consider how current needs are met without compromising the ability of future generations to meet their own needs. Write N/A if not applicable)

These programs both meet the goal of social sustainability by providing assistance so that people can buy homes in Beloit that are decent, safe, and sanitary.

## Action Required/Recommendation

Staff recommends approval of Resolution 2023-05.



**Fiscal Note/Budget Impact**

All fiscal/budget impacts are noted in the report.

**Attachments**

Resolution

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COMMUNITY DEVELOPMENT AUTHORITY

**RESOLUTION 2023-05  
RECOMMENDING THE AWARD OF HOME INVESTMENT PARTNERSHIP PROGRAM (HOME)  
FUNDS FOR DOWN PAYMENT ASSISTANCE TO ELIGIBLE APPLICANTS**

**WHEREAS**, in November, 2022, the City Council of the City of Beloit allocated \$195,000 in HOME funds for down payment assistance; and

**WHEREAS**, the City of Beloit has previously awarded \$45,000 in down payment funds to NeighborWorks Blackhawk Region for use on City-funded HOME projects leaving a balance of \$150,000 in HOME Down Payment Assistance funds for 2023; and

**WHEREAS**, the City of Beloit requested applications from agencies interested in providing down payment assistance and received two applications; and

**WHEREAS**, both applications are eligible for funding.

**NOW THEREFORE BE IT RESOLVED**, that the Community Development Authority recommends that the City Council allocate the remaining \$150,000 in down payment assistance funds as indicated on the attached Exhibit A.

Adopted this 26th day of April, 2023.

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Philip Gorman, Chairperson

ATTEST:

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Julie Christensen, Executive Director

**EXHIBIT A**

**FUNDING RECOMMENDATIONS**

<b>Name of Agency</b>	<b>Funding Awarded</b>
Acts Housing	\$75,000
NeighborWorks Blackhawk Region	\$75,000

## Rock County HOME Consortium 2023 Annual Action Planning Tool-HOME Partner Information

Partner Name: City of Beloit

Contact: Julie Christensen

Email Address: christensenj@beloitwi.gov

Phone Number: 608-364-6703

**2023 Funding/Resources:**

<b>Funding Resources Anticipated to be Available in 2023</b>	<b>Current Amount on hand (as of 08/19/22)</b>	<b>Amount anticipated available (as of 12/31/22)</b>
Prior Year Grant Funds (add rows for add'l program years (PY))	Based on projects set up in IDIS as of 8/16/22. Confirm balance matches to your internal records	Subtract projects anticipated to be set-up in IDIS prior to 12/31/2022. Enter adjusted balance.
PY2017	\$10,944.25	\$0.00
PY2018	\$196,181.44	\$196,181.44
PY2019	\$175,794.08	\$175,794.08
PY2020	\$194,937.96	\$194,937.96
PY2021	\$188,671.84	\$188,671.84
PY2022	\$201,882.52	\$201,882.52
Prior Year(s) Program Income: Balances displayed are as reported in IDIS. Please verify your balances match. If they do not match, please make an adjustment entry (+/-) and provide detail back-up to your balance figures.		Subtract projects anticipated to be set-up in IDIS prior to 12/31/2022. Enter adjusted balance.
PY2020		\$45,000.00
PY2021	\$162,380.01	\$92,611.13
PY2022	\$104,298.29	\$60,000.00
*2023 Grant Funds (anticipate level w/ 2022)		\$200,000.00
2023 Estimated Program Income * NOTE this can be held for 2024 AAP		\$ 60,000.00
<b>Total Available</b>		<b>\$1,415,078.97</b>

\*2022 HOME Grant = \$721,009

**Addresses of projects to occur in 2022, not set-up in IDIS:**

<b><u>Project Address</u></b>	<b><u>Set Up Amount</u></b>	<b><u>Amount to be Expended by 12/31/2022</u></b>
1235 Dewey	\$172,000	\$10,000
1312 Nelson	\$140,000	\$10,000

**2023 Projects/HOME Expenditures:**

<b>Project Type</b>	<b># of Units</b>	<b>Funding Source</b>			
		<b>2023 Grant Funds</b>	<b>Prior Year(s) Program Income</b>	<b>Prior Year Grant Funds</b>	<b>Total</b>
Acquisition/Rehab/Resale	1	\$0.00	\$0.00	\$200,000.00	\$200,000.00
Direct Homebuyer Assistance.	13	\$0.00	\$45,000	\$150,000.00	\$195,000.00
Single Family New Construction	6	\$200,000.00	\$102,611.13	\$421,388.87	\$724,000.00
Homeowner Rehabilitation	10	\$0.00	\$50,000.00	\$186,078.97	\$231,078.97
Private-Owner Rental Rehabilitation (indicate total # of units per project)	0	\$0.00	\$0.00	\$0.00	\$0.00
Rental Development/Conversion of existing buildings (indicate total # of units per project)	0	\$0.00	\$0.00	\$0.00	\$0.00
Rental Development / New Construction (indicate total # of units per project)	0	\$0.00	\$0.00	\$0.00	\$0.00
Administration		\$22,350.00	\$0.00	\$119,486.21	\$141,836.21
Unallocated		\$0.00	\$0.00	\$0.00	\$0.00

\* Address of projects, if known: \_

<b><u>2023 Project Address</u></b>	<b><u>Set Up Amount</u></b>	<b><u>Amount Anticipated to be expended by 12/31/2023.</u></b>
1115 Summit Avenue	\$172,000.00	\$150,000.00

**Leverage/Match:**

Will HOME funds leverage additional resources (Private, State or Local Funds)? If yes, explain and provide estimated amounts. \_\_\_\_\_

How will you provide the 25% match for HOME funds expended? List source and dollar amounts for each type of match.

Match will be provided by non-profit partners and applicants.

**Contingency Plan:**

If HOME funds available are less than anticipated:

Maximize funding available for administration (10% of grant and PI)

Decrease housing rehab (specific activity) by reduced amount available

Decrease \_\_ (specific activities) proportionately

Other: \_\_\_\_\_

If HOME funds are greater than anticipated:

Maximize funding available for administration (if not used, reserve for future yrs)

Increase \_\_\_\_ (specific activity) by increased amount available

Increase housing rehab program and new construction (specific activities) proportionately

Consider unallocated for 2023. Allocate through 2024 planning process.

Other: \_\_\_\_\_

**CITY OF БЕLOIT**

Application for HOME Project for Fiscal Year 2023

**1. APPLICATION COVER SHEET**

Project Title: Acts Housing Empowerment Through Homeownership

Project Applicant Contact Information

Legal Name of Applicant/Organization: Acts Community Development Corporation ("Acts Housing")

Applicant is:  Unit of Local Government  Municipal Corporation

Religious Organization  Educational Institution  Economic Development Corporation

Private, Non-Profit Organization EIN# 39-1837474

Other (explain) \_\_\_\_\_

UEI # CSLZF6GKKP78

Primary Contact Name: Michael Gosman

Title: President & CEO

Mailing Address: 2414 W Vliet St., Milwaukee, WI 53205

Phone: (414) 933-2215 E-mail: grants@actshousing.org

Has your agency previously received HOME funding?  No  Yes/No

**Amount of Request** \*Acts applied for and received \$50k in HCRI funding in 2021; we have applied for HCRI directly through the State of WI again in 2023.

CERTIFICATION and AUTHORIZED SIGNATURE: To the best of my knowledge and belief, the information contained in this application, and in the additional required documentation submitted with this application, is true and correct. The submission of this application has been duly authorized by the governing body of the Applicant. The Applicant agrees that if the project is allocated funding, it will comply with all federal, state and local statutes, regulations, policies and requirements applicable to CDBG/HOME funding.

Kelly Andrew

Signature of Authorized Applicant Representative

04/13/2023

Date

Kelly E. Andrew, VP Strategic Partnerships

Name and Title of Authorized Applicant Representative (Please Print or Type)

## 2023 HOME APPLICATION

Answer each question fully but concisely.

### A. THRESHOLD AND ELIGIBILITY

1. Please describe what process is used to select your program participants.

Acts is structured so that families with LMI can access one or all of the program supports they need to become a homeowner and maintain homeownership. There are no income or credit requirements to begin coaching with Acts. Interested families can access our virtual orientation program 24/7, and must pay for a credit report to begin coaching. Each family is unique, and has a different timeframe and path to homeownership.

Acts will provide assistance to the maximum number of families that purchase homes in an equitable fashion; average assistance will be \$5,000. Eligibility and equity requirements include:

- Minimum homebuyers' cash: each homebuyer must contribute his or her own funds in the amount of \$1,000 (for buyers less than 50% of the CMI) or \$2,000 (for buyers between 51% and 80% of the CMI).
- Maximum income limit and cash asset: Funds will be made available based on need. Buyers must have no more than \$10,000 in cash assets available after contributing to the purchase and/or purchase and rehab of their new home. Additionally, each homebuyer must be under 80% of the CMI.
- Proof of funds: homebuyers going through counseling must demonstrate other sources of funds that contribute to the deal, ensuring that the deal is feasible and affordable for the family on a long-term, sustainable level.
- Housing requirements: the property being purchased must be located in Rock County, with a focus on the City of Beloit. The home must be an owner-occupied single-family, condo, or duplex. Potential rental income is included for household income eligibility.

2. How long has your organization provided this type of service?

Acts Housing was founded in Milwaukee in 1995 and has since provided support for 3,500+ families with LMI to become homeowners. We believe the "secret sauce" is in Acts' one-stop-shop approach, where families can access homebuyer and financial coaching, down payment assistance grant funding, a variety of lending partners and alternative lending through Acts Lending, an in-house real estate brokerage, and home rehab coaching for those who choose to reclaim a distressed property.

Acts Housing entered the Rock County market in September 2019, when we opened an office in Beloit. While our philanthropic funding is restricted specifically to support homeownership in Beloit, we do serve families across Rock County; our dedicated realtor knows the area well. Over the last 3+ years, we've helped 84 families move from renting to homeownership in Rock County.

### B. PROJECT DESCRIPTION & SOUNDNESS

1. **Project Description:** Please describe the project for which you are requesting funding.



### Meeting the Need: Down payment Assistance for Homebuyers with LMI

This project addresses a number of the concerns identified in Beloit's Neighborhood Revitalization Plan, including an increase in vacant/abandoned properties, a high percentage and concentration of rental units, low property values, and deteriorating properties.

According to a 2022 study of Rock County real estate commissioned by Acts Housing and undertaken by Big Lakes Data, 32% of the families living in a single family home or duplex in Beloit are renters (around 3,700 households) - a much higher percentage than the county average of 20%. The study also indicates that since 2019, the typical monthly rent cost has increased by 24% - putting a 3 bedroom rental around \$1,200 per month.

For families with LMI, current inflation rates alongside an already unaffordable rental market makes affordability nearly impossible. Over the last four years, Acts Housing has proven that homeownership is an affordable option in the Beloit market. With statistics like these, we believe there are many more families who could benefit from Acts' support, becoming homeowners, thus reclaiming vacant properties, increasing property values, and bringing sustainability to the neighborhoods.

In 2022, Belmark Associates conducted the second round of data collection for the Sense of Place study which focuses on resident demographics, behaviors, and perceptions in Beloit's Merrill and Hackett neighborhoods. While there were no significant changes in demographics like racial makeup, household income, etc., there was one very encouraging datapoint: in both neighborhoods, around 85% of renters wish to own a home, and even more impressive, 82% of renters believe they will own a home in two years. One critical piece of the puzzle for all of the families who do pursue homeownership will be affordability, and that's where HOME funds come in.

HOME funds for down payment assistance will help families with LMI in Beloit purchase both move-in-ready homes and distressed properties across the city. Over the last five years, in Milwaukee and Beloit combined, 500 families have received down payment assistance grants totaling \$3.9 million which has allowed them to move from renting to homeownership. We have seen a clear correlation between the increased availability in funds post-2020 to the number of families who actually close on homes: families who purchased homes with Acts' support increased by 71% between 2020 and 2022, when available funding grew from approximately \$406k to \$1.6 million. A gap of a few thousand dollars can make or break a deal, and this is often where down payment assistance funds are put to great use.

In order to qualify for assistance, homebuyers must meet certain guidelines and demonstrate that homeownership is financially feasible and practical. Acts offers HUD certified homebuyer education in two formats: a self-paced virtual course followed by a 1-hour session with an Acts Homebuyer Counselor, or a series of 1-on-1 counseling sessions. The goal of either format is to prepare families for sustainable homeownership through financial education and accountability; the desired outcome is that a family will achieve pre-approval for a traditional mortgage, or for a loan through Acts Lending.

Acts' Power Pack program complements 1-on-1 homebuyer coaching with monthly cohorts led by HUD certified coaches. Participants are 95% POC and a personalized approach and moral support paired with financial incentives creates fast success. Using an individual development account (IDA), families save over the course of the program and up to \$1,000 is matched 1:1. Participants can earn up to \$1,200 in additional incentives by attending and participating in sessions each month. Funds can be used for debt reduction or down payment. The ability to start saving, incentives from the program, and other down payment assistance grant opportunities are what make deals happen for Power Pack families - at a much faster pace.

### Financial Education, Analysis, and Coaching

- HUD-approved homebuyer education available as a self-paced online course, or 1 on 1 with an Acts Financial Coach; Power Pack available to families with the most barriers to homeownership
- Each family creates a financial plan and timeline with their Coach, focusing on benchmarks based on their situation; budgeting, paying bills on-time, and saving are critical components when preparing to buy a home
- Homebuyers who complete the education requirements receive a HUD counseling certification allowing them to access grants and down payment assistance
- When they're financially ready, the Acts Financial Coach supports families as they submit their loan package to a traditional lender or Acts Lending

### Lending Support

- *Acts Financial Coach serves as a liaison between family and traditional lender, helping the family receive pre-approval to purchase a move-in-ready home or distressed property*
- Acts Financial Coach and Lending team work with families who plan to purchase a distressed property using an Acts loan to achieve pre-approval for a loan of up to \$125,000
- If the family is pursuing the purchase of a distressed property using an Acts loan, the home rehab discussion also begins prior to purchase

### Real Estate Services

- Families decide who they will use as a buyer's agent
- Acts realtors specialize in lower-priced move-in-ready homes, and working with the City to close deals on tax foreclosures
- Realtors research and show properties to families, make offers, negotiate, and most importantly, get each family to closing

### Home Rehab Coaching

- Prior to a family making an offer on a distressed property, an Acts Rehab Coach will walk through and build a realistic scope of work, which is then used to finalize the loan
- After the family closes on their property, the Rehab Coach will support them in reviewing contractor proposals, ensuring that the critical, code-compliant work gets done first
- Rehab coaches attend inspections and help families stay within budget in order to gain occupancy quickly and complete the rehab in a timely fashion

## 2. **What are the specific output goals for the proposed project?**

**Households Served.** Indicate the number of unduplicated households and persons to be assisted in total and the number to be assisted with HOME funds requested. Unduplicated means that each household and person served by the project is counted only once during the program year.

	<b>PY2023</b>
Project Outputs	Households
1. Total assisted with HOME funds	15

## 3. **HUD requires recipients of federal funding to access outcomes for the program. All approved applicants are required to comply with the Performance Measurement System. Please complete the following:**

- A. State the outcome. Outcomes are the benefits or impacts that result from the services provided. Outcomes measure a change in knowledge, attitude, skills, behavior, conditions or status in the persons served.

Expected outcomes include:

- 15 families receive HUD certified homebuyer counseling and be pre-approved for a mortgage
- 15 families earning <80% AMI will receive, on average, \$5,000 in down payment assistance grant funds
- 15 families will purchase affordable homes in Beloit

- B. Indicate the anticipated percentage and number out of total families/households served who will achieve the outcome each year.

Currently, Acts is serving around 100 families in homebuyer coaching, each at a different stage in their journey. Our 2023 goal is for 42 families to purchase homes, which we believe is achievable. We are confident that Acts can deploy the entire amount of down payment assistance funds in one calendar year.

- C. List the indicators that will be used to show that the persons served achieved the outcome.

We will be able to share:

- Number of families active in coaching
- Number of families who get pre-approved
- Number of families who receive down payment assistance
- Number of families who close on homes in Beloit
- % AMI for all families in the program
- Race, ethnicity, age, gender, marital status, and dependent demographic information for heads of household

- D. State the basis for selecting the outcome and how it demonstrates achievement of the overall goals of the project.

Acts' primary goal is to help as many families as possible access affordable homeownership. Besides the number of home sales, we also believe that financial education can have an enormous impact (homebuyer coaching totals) on other parts of each family's life. We track the number of families who actually get pre-approved after completing coaching because that conversion rate (to homeownership) is a great early-indicator of other challenges in our programming or in the market. For instance, in 2022 only 50% of the families pre-approved for Acts Lending purchase and rehab loans actually closed on homes. We were able to look at factors like:

- Is it easy to work with an Acts realtor?
- Is there enough inventory in that price range?
- Is the Acts Lending loan product meeting the needs of Acts families?
- Were families putting in more work to get a traditional loan to purchase move-in-ready homes?

So, while closing deals is often looked at as a "success," the pre-approval metric may actually tell us more about how successful families are determined to be, and about other detrimental impacts that exist within the programs or market at large.

- E. Indicate how you are going to measure the outcome include the data collection tools, the measurement timeline, and who will be responsible for monitoring progress and compiling the information required for reporting.

Acts uses Salesforce and the HUD-approved “Compass” product to track all programming in the organization. This robust data collection tool allows for on-demand reporting specific to down payment assistance funds (ie: how many grants have been deployed, how much money has been deployed, and how much is left in the fund). Acts’ Fundraising department is responsible for all grant reporting, and is equipped to provide reporting at the State and Federal government levels.

Acts’ VP of Programs, Dee Kemp, leads an internal Beloit Task Force which reviews progress and addresses challenges bi-monthly. This group has representation from all departments: homebuyer coaching, marketing, real estate, lending, home rehab, and fundraising.

**4. What experience do you have in serving the target population and in providing the type of service in the proposed project?**

Describe past experience and performance achieved by this project or similar project; include any barriers encountered and how those barriers were addressed, as well as whether project goals were achieved.

Acts maintains a strong pipeline of well qualified homebuyers. The process for families includes a virtual orientation (available online 24/7) followed by homebuyer coaching with the end-goal of home loan pre-approval. This looks different for each family – some are well positioned financially, and it may take them a few months, and others have more work to do on credit, debt reduction, and saving which could take over a year. We also have a strong referral network of loan officers who send families who are already pre-approved over to receive homebuyer coaching, which unlocks their potential to access down payment assistance.

In 2022, Acts deployed over \$1.5 million in down payment assistance grants to 200 families across Milwaukee and Beloit. We are confident in our ability to effectively manage and deploy funds, and the pipeline of families in Beloit (100+ in coaching) gives us confidence that these funds will quickly help families purchase homes.

One of the challenges Acts has faced with down payment assistance funds is the limited amount available at any given time. This has forced us to develop a grants review process which is an individualized look at each family, if and how they qualify for different grants, and how multiple grants may be stacked to make a deal work. This process happens just prior to a family getting pre-approved for a loan, which allows their coach to help them seek out a lender that best meets their needs, sometimes making that decision on down payment assistance or other product perks.

**C. ORGANIZATIONAL CAPACITY**

**1. What is your organization’s experience in managing publicly funded projects?**

- A. Describe any specific experience your organization has in the administration of federal, state, and local government funds. If your organization does not have experience as an organization, then the relevant experience of board members or staff may be used.

Acts has successfully deployed HCRI funding since 2008. History of contracts includes:

- 2008 - HCRI 08.01 - \$158,333 deployed resulting in 54 homeownership units
- 2010 – HCRI 10.01 - \$147,250 deployed resulting in 40 homeownership units
- 2012 – HCRI 12.01 - \$300,000 deployed resulting in 99 homeownership units
- 2014 – HCRI 14.01 - \$220,615 deployed resulting in 60 homeownership units
- 2017 – HCRI 17.01 - \$490,000 deployed
- 2019 – HCRI 19.01 - \$362,250 deployed
- 2021 – HCRI 21.01 - \$243,056 (Milwaukee Co.) – deployed resulting in 85 homeownership units
- 2021 - HCRI 21.02 - \$50,000 (Rock Co.) – deployed resulting in 14 homeownership units

Acts has also administered the following federal, state, and local government funds:

- 2021-2023 - City of Milwaukee Home Down Payment Assistance (ARPA funding) - \$1.5 million deployed
- 2021 & 2022 - Community Development Financial Institution (CDFI) technical assistance awards - \$125k (2021), \$125k (2022)

**B. Describe your organization’s fiscal management including financial reporting, record keeping and accounting systems.**

Acts Housing employs a fractional CFO, Brian Malaney, who oversees financial reporting and sits on the Finance Committee (which is co-chaired by Board members). Brian works closely with outsourced bookkeeping firm O’Leary & Anick to prepare quarterly financial reports reviewed by the Finance Committee and approved by the Board of Directors. O’Leary & Anick uses a proprietary accounting software to produce reports. Fundraising is tracked both in Salesforce (for application and reporting purposes) and by O’Leary & Anick and balanced quarterly. An annual audit is completed under the Finance committee’s supervision, and is approved by the Board of Directors once completed.

**C. Describe whether your organization has a written personnel policy manual that includes procedures for personnel and financial management, a process for grievance, and a plan for affirmative action.**

Acts has written policies and procedures for financial management including internal controls and grievances. We have an affirmative action plan.

**D. If you have current HOME projects/contracts, are they progressing timely and in accordance with the project accomplishments and schedule? If not, explain why.**

We do not have any current HOME contracts. We are deploying HCRI funding at the expected pace in both Milwaukee and Rock counties.

**2. List funders and describe type and frequency of monitoring, as well as any findings, and the resolution of those findings.**

- Hendricks Family Foundation - semi-annual reporting, no findings
- Beloit 200 - semi-annual reporting, no findings
- Lynde & Harry Bradley Foundation - annual reporting, no findings

### 3. What are the qualifications of the staff members involved in the project?

Describe the qualifications (e.g., education, training, experience) of the specific staff members who will manage the project and provide services.



#### Deatra Kemp, VP Programs

Dee Kemp, Acts' VP of Programs, joined the team in 2019. Her leadership experience ranges from non-profit organizations to property management to her church, and she has built an organizational culture reflecting Acts as an empowerment organization - not a social services agency. Dee earned both a Bachelor's degree in Human Services and a Masters degree in Business Administration from Cardinal Stritch University.



#### Sheila Brown, Homebuyer Coaching Director

Sheila joined Acts as Director of Homebuyer Coaching in 2023 after 15+ years in the banking industry. Her experience and expertise in customer service, training, management and implementing strategic initiatives make her well-suited to grow Acts' financial and homebuyer coaching programs in Beloit and beyond. Sheila has an Associates Degree in Business Administration and Management from Cardinal Stritch University.



#### Benjamin Sheehan, Lending Operations Director

Ben joined the Acts team in 2019 after serving as the COO for Habitat for Humanity of Waukesha County. As Acts' Director of Lending Operations, Ben manages the organization's day-to-day lending and home rehab coaching programs including loan origination for Acts Lending. Ben earned his Bachelor's degree in Journalism and Political Science from Marquette University.



#### Alex McCune, Senior Homebuyer Coach

Alex joined the Acts team in 2020 after nearly a decade of leadership roles in the non-profit and healthcare sectors. His experience as a Specialist in the US Army Reserves helped build his skill for problem solving and people management. Alex earned a Bachelor's degree in Exercise Science from UW-Parkside and a Master's Degree in Public Health from the Chicago School of Professional Psychology.



#### Shelby Vermillion, Homebuyer Coach

Shelby joined the Acts team in 2022 and immediately set the organizational record for the speed at which she passed the HUD Certified Homebuyer Counselor exam! She is a customer service professional, and Acts is a great fit for her to draw on her experiences in both the real estate management and banking industries.

**4. How will your organization assure that project services are provided in a culturally competent and linguistically accessible manner?**

Explain your agency's commitment to and ability to provide services that are culturally competent and linguistically accessible. Include a description of:

**A. How the project's service design and delivery provide for the cultural and linguistic needs of project clients;**

Acts is committed to serving families in the most effective way *for that family*, and we do have a reasonable accommodation policy. Services are offered both in-person at our office in Beloit, and virtually via Zoom meeting or phone call. Staff accommodate families who work during regular business hours by providing services in evenings and on weekends when needed.

Acts is purposeful in recruiting bi-lingual team members to support the work. Currently, 25% of the team speaks both English and Spanish, which is the primary need of families in coaching. Occasionally there is a need for Hmong or ASL translation; currently we have a coach taking courses to learn ASL, and we meet additional needs by using an outsourced translation service. This provider can offer translation in many other languages as well, although we rarely have the need.

Two of the five active Power Pack cohorts are Spanish-speaking, with Acts coaches educating in Spanish and partners (lenders, insurers, realtors, etc.) who specialize in appropriate products and speak the language.

**B. The cultural backgrounds and experiences of board members and staff; and**

Overall, the Acts team demographics are:

- 31% Black
- 28% Latine
- 6% Asian/Pacific Islander
- 35% White
- 25% bilingual, English-Spanish
- 67% women
- 3% non-binary

Many Acts employees are first or second-generation immigrants to the US, and first-time homeowners, which provides a strong sense of shared experience with families and each other.

The Acts board demographics are:

- 23% Black
- 8% Latine
- 8% Asian/Pacific Islander
- 61% White
- 8% bilingual, English-Spanish
- 23% women
- 8% non-binary

Marc Perry's leadership on the Acts Housing and Acts Lending Boards of Directors has been incredibly helpful in managing expectations and supporting programming in Beloit due to his lifelong tenure as a resident and community leader. Rae Johnson is the first person to join Acts' board who has gone through the program themselves and purchased a home with support from Acts. They also hold the role of Engagement Committee chair.

- C. The training and policy guidance provided to board members and staff regarding cultural competence and language barriers.

During onboarding, team members are trained on our equal opportunity policy. Acts does not discriminate on the basis of race, color, creed, sex, sexual orientation, age, nationality, disability or any other classification protected by federal or state law. Acts requires homebuyer coaches to pass the HUD certified homebuyer counseling exam within 120 days of hire and participate in a minimum of 10 hours of continuing education annually. Coaching leaders have also received certification to be Freddie Mac CreditSmart facilitators, which helped inform the Power Pack curriculum. Coaches attend Neighborworks Training Institute which offers excellent continuing education twice a year.

**5. How does your organization use collaboration with other local community organizations to support the proposed project?**

- A. List the committees, groups, or meetings your organization participates in. For recurring meetings, the expectation is that you list organizations where your agency is present at 75% or more of meetings.

Acts partners with two organizations that are creating inventory and attracting homebuyers with low-to-moderate income (LMI): Community Action of Rock and Walworth Counties, Inc. and the Wisconsin Partnership for Housing Development, Inc. Our role is to support families interested in purchasing homes from these organizations by providing homebuyer coaching and access to grant funding for families with LMI.

Our community partners program provides organizations from all sectors the tools they need to make family referrals to our entire portfolio of programming. Each partner has a customized, co-branded landing page and QR code, "swag" that can be passed out in offices or at community events, and they receive semi-annual reports on referral volume and progress. We host a "Partner 101" session as needed for organizations that are interested in partnering to learn more about Acts' programming, team, and family referral process. Current community partners include:

- Merrill Elementary School
- The Lincoln Academy
- Beloit Housing Authority
- City of Beloit
- Beloit City Council
- Rock County Human Services
- Corporate Contractors Inc
- Premier Bank
- US Bank
- First Community Credit Union
- First National Bank and Trust
- Century 21 (4 affiliates)
- Blackhawk Community Credit Union
- Johnson Financial Group
- Sowell Realty Group
- BMO Harris Bank



- B. Describe how the collaborations listed help to develop support for the proposed project (such as enhanced access to services needed by project clients, a shared scarce resource, or improved public policy).

Since Acts is the “new kid in town,” endorsement by and referrals from community partners are an extremely effective way to build trust and begin to show a positive track record in Beloit. Acts has the homebuyer coaching resources to support families that are nearly ready for homeownership, but also the additional support for families who may have a longer path and more barriers. When a family finds out that they’re not mortgage ready from a lender or realtor, it is discouraging. When that lender or realtor can say, “you’re not ready now, but I know how you can be...here’s how to get started at Acts,” it’s a 3-way win.

Often, the families with the most barriers need more than financial education, and that’s what Acts can provide. 1-on-1 coaching offers a more personalized approach, and the Acts Power Pack program layers on more coaches, community mentors, and the moral support of a cohort of families working toward the same thing. Financial incentives for participation and matching fund opportunities are unique to this program. Even when a family has completed their financial education, they may need an alternative lending option - which Acts provides, along with home rehab support.

Down payment assistance funds are often the final piece of the puzzle that makes a deal happen for a family, and Acts is proud to be able to layer multiple grant options together for families, including the Acts Grant (funded by proceeds from City Foreclosures that are sold to families), Housing Cost Reduction Initiative (HCRI) funds from the State of Wisconsin, and lender-specific grants. We hope to be able to add the City of Beloit HOME grant to our list of opportunities for families.

Acts partners rely on the “one-stop-shop” business model, and trust that Acts is always looking out for the family first, and that we’re focused on continuous improvements in programming that will truly serve families and help them become homeowners.

#### D. FINANCIAL FEASIBILITY

1. **Provide a copy of the latest Budget Summary for your organization.**
  - A. Detail by line item the applicant’s proposed project budget separating requested HOME funding from additional agency funding dedicated to the project.  
  
See Appendix (attached on the back of application)
  - B. Explain in narrative form how HOME funds will be used as shown in the budget summary and budget worksheets (e.g. specific positions, type of communication costs, type of supplies, description of equipment items in support of direct services). If your program generates program fees or program income, explain how these dollars are generated (ex. late fees, counseling fees, etc.). For each position for which you are requesting full or partial HOME funding, attach a current job description that includes a list of the duties and minimum qualifications for filling the position.

Acts Housing is requesting \$100,000 in HOME funding to support down payment assistance for families with LMI who purchase homes in Beloit for owner occupancy. Use of funds will include:

- \$90,000 - 15 grants averaging \$5,000 per household made directly to families with LMI
- \$10,000 - administrative cost

**2. If funded, will the proposed project leverage additional resources?**

List the source and amount of funds to be leveraged with HOME funding for this project on the Budget Summary for each year of funding requested. Identify which of those funds have been secured, applied for, or are anticipated to be applied for in the future. Match is required for HOME funds. Therefore, please indicate the source and amount for any eligible match that you will contribute to the project. Priority will be given to projects which require match.

- State of WI Housing Cost Reduction Initiative (HCRI) - applied for \$624,000 for use in Rock County; 2021 contract was for \$50,000.
- Hendricks Family Foundation and Beloit 200 - secured \$269,982 (multi-year pledges from both starting in 2019 will fund 2023 Beloit operations)
- Earned income - anticipate apx. \$100,000 in down payment assistance grants funded by Acts (using proceeds from distressed property purchases); In 2022, Acts funded \$38,000 with extremely limited inventory available - we believe 2023 will be a much more active year

**3. If the proposed project is funded at a level lower than requested, at what amount of funding can the sponsoring agency still deliver meaningful service?**

Due to the limited availability of resources it is often necessary to fund proposed projects at levels below the levels requested. Please describe a reduced level of funding at which effective service can be delivered and what reductions in your budget can be made.

While the level of HOME funding received will not impact Acts' ability to provide its core services, it will impact the volume and pace at which families are able to purchase homes in Beloit. Down payment assistance funding can make or break a real estate deal, and closing or not does often come down to a few thousand dollars. These funds will also allow families to take on home rehab projects with larger scopes of work. Most families with LMI are already paying more than is truly affordable in rent. When down payment assistance funds let families shave off a few months of their homebuying journey, it saves that family hundreds, even thousands of dollars. Every month of wealth-building is of high value, and many families, especially those reclaiming distressed properties, are realizing almost immediate equity in their home.

**4. Financial Planning for Project Sustainability.**

Describe efforts by the agency to develop:

**A. alternative future sources of funding to support the proposed project, and**

Down payment assistance grants have become a critical component to help families with LMI purchase homes. This need fluctuates in the same way the real estate market does. Acts is actively seeking funds from the State of Wisconsin (HCRI), and partnering with lenders to develop products that include this support. Part of our ongoing strategic planning includes forecasting for a time when these funds decrease or disappear, which is why we're also focused on growing the Acts Lending loan fund, allowing for larger amounts when necessary.

**B. a financial contingency plan in preparation for possible funding reductions.**

Acts Housing has an incredibly stable bottom line, and a strong fundraising track record. We are confident that as our work in Beloit continues to evolve, we'll be able to access an appropriate mix of funds to support families programmatically, and continue to evolve our strategies as the market evolves.

**5. Financial Management Capability:**

Provide a narrative of your agency’s financial management capacity and include financial audits; describe type, frequency, findings, and resolution to findings.

Acts’ Board of Directors takes fiscal responsibility for the organization. The Finance Committee, led by members of the Board manages the annual audit process (2021 audit attached, 2022 audit is not yet complete and can be submitted when it is approved by the Board), reviews financials and presents a report to the Board quarterly, and supports Acts staff in negotiating bank financing and navigating other financial needs. Acts’ fractional CFO, Brian Malaney, sits on the Finance Committee as well as oversees our outsourced bookkeeping relationship with O’Leary & Anick. Brian leads the annual forecasting and budgeting process as well.

**E. CONFLICT OF INTEREST**

1. Please indicate if any of your agency’s staff and/or board/committee members has served on the Beloit Community Development Authority and/or Beloit City Council. Please also indicate if any of your agency’s staff and/or board/committee members has served in the last year on the Beloit Community Development Authority and/or Beloit City Council.

If yes, please list their information below.

Name	Title or Position
N/A	N/A

**City of Beloit  
HOME INVESTMENT PARTNERSHIP PROGRAM (HOME)  
THRESHOLD REVIEW AND EVALUATION CRITERIA**

Incomplete or late applications will not be considered. Applications must meet threshold criteria to be considered for funding.

<b>THRESHOLD CRITERIA</b>		
<b><u>Criteria:</u></b>	<b>Yes</b>	<b>No</b>
A. Application package is complete and was submitted on time.	<input type="checkbox"/>	<input type="checkbox"/>
B. Is eligible under the HOME Investment Partnership Program.	<input type="checkbox"/>	<input type="checkbox"/>
C. Consistent with Consolidated Plan	<input type="checkbox"/>	<input type="checkbox"/>
<b>Application Meets Threshold Criteria:</b> If yes, proceed to review below.	<input type="checkbox"/>	<input type="checkbox"/>

## EVALUATION CRITERIA

Applications for HOME projects can receive a maximum of 95 points using the following criteria. Details of the criteria expectations can be found throughout the application materials.

### **COMMUNITY NEED AND BENEFIT**

#### **1. Scope of Needs and Gaps**

**Evaluate the identified community need in the context of the priorities for the proposed services. How comprehensive is the description of the related need for the services proposed? Are current local statistics, agency statistics or other evidence provided to document and support the need?**

0 = No mention of community needs or mentioned that there was a need but provided no evidence of need.

1 = Provided some information that partially documented community need but no referenced statistics.

3 = Provided some referenced statistics and a description of community need, including the needs of low-to-moderate income persons, but lacked essential components or the statistics presented did not fully support the need described.

5 = Provided a clear and detailed description of community need, especially the needs of low-to-moderate income persons, supported by detailed and referenced current statistics.

#### **2. Service Location and Target Population**

**Evaluate how well services are located as compared to need in community. Is the target population and their unique service needs clearly identified? If there is to be an expansion of services, are details provided?**

0 = No mention as to where the services will be delivered, or whether this is an expansion of services AND no information on the target population and their unique service needs identified

1 = Information is unclear where the services will delivered, and whether this is an expansion of services AND indicated that people need their services but did not specify who or what.

3 = Broad description of the location where the services will be delivered, and whether this is an expansion of services AND general description of target population and service needed.

5 = Provided clear and detailed information about location and expansion AND detailed description of target population, including their unique needs and specific service needs.

**Community Need and Benefit Points (Max = 10)**

**PROJECT DESCRIPTION and SOUNDNESS**

**1. Project Design**

**Provides clear detailed information to support that project design is (a) evidence-based or (b) introduces an innovation that substantially improves the services provided.**

- Project Design -	
(a) Evidence-Based	or (b) Innovative
0 = No mention of evidence-based practices or did not specify which evidence-based practice is being used	0 = No evidence that proposed project is innovative or mentioned that project is “innovative” but did not specify how
1 = General, vague description of evidence-based practice with no link to proposed project	1 = Provided general, vague description of proposed project innovation
3 = Good description of evidence-based practice to be used but poor link to proposed project	3 = Good description of innovation but reviewer had to infer that it addresses needs in an improved way OR a population that has yet to be served OR a new aspect of population needs
5 = Clearly tied proposed project to a well described evidence-based practice	5 = Provided detailed description of an innovation and clearly specified how it addresses needs in an improved way OR a population that has yet to be served OR an aspect of population needs that have yet to be addressed

**2. Project Activities**

**Were the services or activities the proposed project will provide clearly defined and described (i.e. how they will be implemented, who will implement them, the frequency and duration of services).**

- 0 = No mention of activities to be provided or mentioned “activities” without specifying what they are.
- 1 = Listed activities to be provided without providing descriptions of them.
- 3 = Listed activities with vague descriptions and/or no reference to implementation or project goals.
- 5 = Detailed description of activities, how they would be implemented AND by whom, with clear linkage to project goals.

**3. Proposed Service(s) and Link to Need**

**Evaluate how well the overall goal of the project and the proposed services will fit the purpose of this funding. How do the services help meet client and community needs?**

- 0 = No information of service(s) proposed and how they meet needs.
- 1 = Information on service(s) proposed, but no clear link to how they meet needs.
- 3 = Information partially described the services proposed, but only provided limited explanation of how the services helped meet needs.
- 5 = Information provided a clear, detailed description of services proposed AND how they helped meet the identified needs and the outcomes above AND filled gaps in services.

**3. Outreach and Access**

**Evaluate the outreach activities and how effective the project will be in reaching the target population. How are any barriers described, and how will they be addressed? How does the applicant identify if and how they will prioritize who receives services? How are any exclusion criteria described and why are they selected?**

0 = No information on how target population is recruited, or how they will access services ,or how their barriers are addressed, or how clients will be prioritized to receive services ,or any exclusion criteria and why they are selected.

1 = Information provided on any or all of the above, but did not specify how or who or what.

3 = General, vague information on how target population is recruited, AND how they will access services, AND their barriers, AND how clients will be prioritized to receive services, AND any exclusion criteria AND why these criteria are selected.

5 = Project provided a detailed description of how target population is recruited, AND how they will access services, AND how their barriers would be addressed, AND how clients will be prioritized to receive services, AND any exclusion criteria AND why these criteria are selected.

**4. Complementary Services/Programs and Collaborations**

**Evaluate the complementary services or resources offered to project clients. Do these services help meet needs and promote increased self-sufficiency? Is there evidence of inter- and intra-agency collaboration? Are there details of any formal agreements and history of partnerships in the community and linkages to mainstream resources?**

0 = No information on complementary services/programs or collaboration/coordination.

1 = Information on some complementary services/programs and collaboration/ coordination, but did not provide detail.

3 = Partial information provided on complementary services/programs, collaboration/coordination, and gave some detail on how these services help meet needs and promote increased self-sufficiency.

5 = Provided a clear detailed description of complementary services/programs and how they help meet needs and promote increased self-sufficiency, AND described intra-agency collaboration/coordination, AND included details on formal agreements and a history of partnerships in the community and linkages to mainstream resources.

**5. Project Outputs and Outcomes**

**Evaluate the outputs and outcome projections; are they reasonable for the target population, especially for those projects targeting high needs populations? Is there a strong link between the outcomes, the project goals, and the services provided?**

0 = No mention of project outcomes

1 = Project outcomes are not measurable client benefits or impacts (i.e. a change in knowledge, attitude, skills, behavior, conditions or status in the persons served)

3 = Project outcomes are measurable client benefits or impacts but are not well connected to project goals and services or are not reasonably or accurately quantified

5 = Project outcomes are measurable and appropriately quantified client benefits or impacts well connected to project goals and services

**6. Outcome Measurement and Evaluation**

**Evaluate the effectiveness of how proposed project outcomes and performance will be measured, including the program/agency review process and use of relevant methods and tools. Are the methods and tools to be used to evaluate progress clearly described?**

- 0 = No indicators provided about evaluation or measurement, including timelines and process
- 1 = Indicators listed are not clearly related to outcome, OR number of indicators to be met are not specified, OR specific measurement tools and timelines are not provided for every indicator
- 3 = Indicators listed are clearly related to outcome but measurement tools and timelines not provided OR are not adequately described
- 5 = Listed indicators are clearly related to outcome, AND indicators listed are an adequate measure of the identified outcome, AND how outcome will be measured is clearly defined, AND an appropriate measurement timeline is identified for each indicator.

**7. Past Performance and Benchmark Criteria**

**Evaluate any relevant performance benchmarks. Is there a plan for dealing with any perceived barriers to meeting or exceeding these? If the project is unable to meet a benchmark, is there a plan for what the project can offer in the first year, and how it can move closer to meeting or exceeding the target in the second year? Are the methods and tools to be used to evaluate progress clearly described?**

- 0 = No information of plan to meet or exceed project benchmarks, barriers, performance goals or evaluation
- 1 = Indicated some plan to meet or exceed stated benchmarks, but does not offer details on barriers, performance goals or progress evaluation
- 3 = Partially demonstrated a plan to meet or exceed stated benchmarks; provided some evidence but evidence was not complete
- 5 = Provided clear and complete evidence of meeting and exceeding project benchmarks, overcoming barriers (if applicable) AND provided clear description of methods and tools used to evaluate progress

<b>Project Soundness Points (Max = 40)</b>
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**ORGANIZATIONAL CAPACITY**

**1. History of Publicly Funded Project Management**

**Evaluate how well the agency demonstrates the ability to successfully implement and manage publically funded (federal, state, and local) projects in a timely manner, consistent with funding requirements AND the agency’s experience working with similar programs (housing programs, emergency shelters, outreach, etc.) or programs with similar activities (case management, assessments, etc.).**

- 0 = No mention of previous publicly funded project management experience or similar program experience.
- 1 = Mentioned that agency has managed publicly funded and similar projects in the past but no evidence or further details were provided.
- 3 = Partial or vague description of implementation and management of publicly funded projects and similar projects but evidence was not complete.



5 = Provided clear and complete description of publicly funded projects AND similar projects implemented AND that they were managed with all relevant details included (e.g., timelines, funding requirements, deliverables, etc.).

## **2. Program Monitoring Record**

**Evaluate the agency's program monitoring record and whether any findings were resolved prior to submission of the application. Does the application describe a history of complete and timely performance reporting?**

0 = No information about program monitoring frequency or findings was provided.

1 = Indicated that program monitoring has occurred but did not specify regularity and did not provide detail or if there were any prior findings.

3 = Indicated that program monitoring and reporting has met funder expectations, but did not indicate whether the agency has received any specific findings, or how those findings may have been resolved.

5 = Demonstrated that program monitoring and reporting has met funder expectations; provided detail on whether the agency has received any findings, and described how those findings have been resolved.

## **3. Staffing Capacity**

**Project demonstrates that they have the staff experience and proper level of staffing to carry out the project.**

0 = No mention of staff qualifications or experience or of current level of staffing.

1 = Vague mention that they have adequate staffing but no evidence of such.

3 = Partially demonstrated that the staff has adequate experience and qualifications and that the proper level of staffing is available; provided some evidence but evidence was not complete.

5 = Clear detailed description of staffing level and organizational structure was provided; qualifications and experience of staff to be involved with the project were clearly presented.

## **4. Cultural Competency**

**Evaluate how well the agency demonstrates their ability to implement programs that are culturally competent and linguistically accessible for the target population AND the agency's cultural competency (staff and board members).**

0 = No information was provided about culturally competent service delivery or agency capacity to provide such service.

1 = Indicated that service delivery and the agency were culturally competent but did not specify or describe how.

3 = Provided a partial description of how the agency delivers culturally competent services and the staff and board members' ability to be culturally competent.

5 = Provided a clear detailed description of how the agency addresses cultural needs of clients, AND described the cultural backgrounds and experiences of staff and board members, AND described ongoing efforts by the agency to ensure that services are delivered in a culturally sensitive manner.

**5. Agency Community Participation**

**Evaluate the degree of agency participation within the local community, including its collaborative efforts with other agencies and committees. If project serves homeless populations, does the agency participate in the Homeless Intervention Task Force or other related activities?**

0 = Provided no information about collaboration with other agencies or participation in consortiums or committees.

1 = Indicated they were involved with collaborative efforts but did not list those efforts; indicated that agency participates in consortiums or committees but did not specify which ones; if project serves homeless populations, the application does not indicate participation in CoC.

3 = Listed collaborative efforts and committees in which the agency participates but did not explain how those collaborations support the proposed project; if project serves homeless populations, the application indicated no or irregular participation in CoC and related planning efforts (i.e. PIT Count, Project Homeless Connect, Housing Inventory Chart).

5 = Listed collaborative efforts and committees in which the agency participates and described how those collaborations help to support the proposed project; if project serves homeless populations, the application indicated active participation in CoC and related planning efforts (i.e. PIT Count, Project Homeless Connect, Housing Inventory Chart).

**Organizational Capacity Points (Max = 25)**

**FINANCIAL FEASIBILITY**

**1. Budget**

**Project budget estimates and costs are reasonable and well supported or justified relative to the number of persons to be served, the services to be provided, and the target population.**

0 = No support or justification for project budget estimates.

1 = Budget estimates and costs are not reasonable and justified or budget forms are inconsistent or inaccurate.

5 = Proposed budget estimates and costs appear reasonable; some justification and support for budget estimates were provided; budget forms are accurate.

**2. Additional Resources**

**Project leverages other federal, state, local or private resources.**

0 = Did not mention additional funding or resources that had been leveraged.

1 = Vague mention that other funding or resources had been leveraged but no clear evidence that monies or resources were secured.

3 = Partial evidence showing that additional funding or resources were secured.

5 = Evidence clearly shows that additional funding or resources were secured.

**3. Sustainability**

**The agency provided evidence of possible future sources of funding for sustainability.**

0 = No mention of sustainability or of future alternative funding possibilities.

1 = Vague mention that future alternative funding would be needed but no clear mention of possible sources.

3 = Mentioned possible sources for future alternative funding but no timeline or plan was provided for requesting funding OR future funding sources provided are not realistic or appropriate.

5 = Clearly identified appropriate future alternative funding sources AND a plan with timelines for requesting future funding.

**4. Financial Management Capability**

**Project sponsor has appropriate financial management capacity as indicated by audited financial statements and management of prior projects. Any audit findings of the organization have been resolved prior to submission of application.**

0 = No mention of financial management capacity; agency budget and financial statements not provided.

1 = Mentioned that financial management capacity exists but no evidence provided.

3 = Partially demonstrated that financial management capacity exists; some evidence provided but evidence was not complete.

5 = Provided clear and complete evidence of financial management capacity; all necessary audited financial statements provided.

<b>Financial Feasibility Points (Max = 20)</b>
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## Appendix

Enclosed:  
Project Budget  
2021 Audited Financials  
2022 Beloit Impact Report

## Acts Housing Budget - Beloit

	2022 Final*	2023 Budget
<b>REVENUES:</b>		
General Operating Support	\$ -	-
Special Event Revenue	0	0
Restricted Support - Programs & Other	395,827	269,982
Restricted Support - Grants**	30,000	125,000
Earned Income	52,247	102,792
All Other	72,707	220,000
<b>TOTAL REVENUES</b>	<b>\$ 550,781</b>	<b>\$ 717,774</b>
<b>EXPENDITURES:</b>		
Salaries, Commissions, Benefits	\$ 292,059	\$ 435,499
Contracted & Professional Fees	32,569	32,569
Grant Disbursements	59,000	125,000
Office and Insurance Costs	24,083	24,091
Marketing, Event	17,195	17,195
Employee Travel and Training	22,081	24,071
All Other	28,051	22,895
<b>TOTAL EXPENDITURES</b>	<b>\$ 475,039</b>	<b>\$ 681,320</b>

\* 2022 Actuals pending audit (in progress)

\*\* Includes down payment assistance grants

**ACTS COMMUNITY DEVELOPMENT CORPORATION AND AFFILIATE**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**(With Summarized Totals for the Year Ended December 31, 2020)**

**ACTS COMMUNITY DEVELOPMENT CORPORATION AND AFFILIATE**

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## Independent Auditor's Report

Board of Directors  
Acts Community Development Corporation and Affiliate

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying consolidated financial statements of Acts Community Development Corporation and Affiliate (a nonprofit organization) which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Acts Community Development Corporation and Affiliate as of December 31, 2021, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Acts Community Development Corporation and Affiliate 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 opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Acts Community Development Corporation and Affiliate's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### ***Ritz Holman LLP***

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

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

In performing an audit in accordance with generally accepted 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 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 Acts Community Development Corporation and Affiliate's 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Acts Community Development Corporation and Affiliate's 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 planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Board of Directors  
Acts Community Development Corporation and Affiliate

**Report on Summarized Comparative Information**

We have previously audited Acts Community Development Corporation and Affiliate's December 31, 2020, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 17, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

  
RITZ HOLMAN LLP  
Certified Public Accountants

Milwaukee, Wisconsin  
May 26, 2022

**ACTS COMMUNITY DEVELOPMENT CORPORATION AND AFFILIATE**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2021**  
**(With Summarized Totals for December 31, 2020)**

	2021	2020
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 5,765,200	\$ 4,819,874
Current Portion of Loans Receivable	275,040	204,284
Accounts Receivable	27,133	---
Current Portion of Grants Receivable	531,036	523,244
Current Portion of Pledges Receivable	217,846	270,068
Prepaid Expenses	47,362	66,554
Total Current Assets	\$ 6,863,617	\$ 5,884,024
<b>FIXED ASSETS</b>		
Equipment	\$ 67,906	\$ 61,201
Building Improvements	629,245	578,059
Total Fixed Assets	\$ 697,151	\$ 639,260
Less: Accumulated Depreciation	(137,943)	(94,696)
Net Fixed Assets	\$ 559,208	\$ 544,564
<b>LONG-TERM ASSETS</b>		
Net Loans Receivable	\$ 4,277,513	\$ 2,616,135
Less: Current Portion of Loans Receivable	(275,040)	(204,284)
Grants Receivable	1,140,036	1,360,244
Less: Current Portion of Grants Receivable	(531,036)	(523,244)
Pledges Receivable	317,846	384,839
Less: Current Portion of Pledges Receivable	(217,846)	(270,068)
Total Long-Term Assets	\$ 4,711,473	\$ 3,363,622
<b>INTANGIBLE ASSETS</b>		
Website and Software	\$ 5,537	\$ 14,057
Less: Accumulated Amortization	(5,537)	(14,057)
Net Intangible Assets	\$ ---	\$ ---
<b>TOTAL ASSETS</b>	<b>\$ 12,134,298</b>	<b>\$ 9,792,210</b>

The accompanying notes are an integral part of these financial statements.

**ACTS COMMUNITY DEVELOPMENT CORPORATION AND AFFILIATE**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2021**  
**(With Summarized Totals for December 31, 2020)**

	2021	2020
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 60,509	\$ 126,702
Accrued Payroll	51,649	51,854
Escrow Liabilities	846,927	615,865
Earnest Money Held	19,750	23,500
Paycheck Protection Program Loan	---	158,500
Current Portion of Lines of Credit	---	25,081
Current Portion of Notes Payable	91,710	14,402
Total Current Liabilities	\$ 1,070,545	\$ 1,015,904
<b>LONG-TERM LIABILITIES</b>		
Lines of Credit	\$ ---	\$ 25,081
Less: Current Portion of Lines of Credit	---	(25,081)
Notes Payable	1,364,464	193,701
Less: Current Portion of Notes Payable	(91,710)	(14,402)
Total Long-Term Liabilities	\$ 1,272,754	\$ 179,299
Total Liabilities	\$ 2,343,299	\$ 1,195,203
<b>NET ASSETS</b>		
Without Donor Restrictions	\$ 7,057,669	\$ 5,890,761
With Donor Restrictions	2,733,330	2,706,246
Total Net Assets	\$ 9,790,999	\$ 8,597,007
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 12,134,298	\$ 9,792,210

The accompanying notes are an integral part of these financial statements.

**ACTS COMMUNITY DEVELOPMENT CORPORATION AND AFFILIATE**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**(With Summarized Totals for the Year Ended December 31, 2020)**

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
<b>REVENUE</b>				
Individual Contributions	\$ 645,487	\$ ---	\$ 645,487	\$ 486,268
Corporate Contributions	180,100	---	180,100	663,143
Foundation Grants	752,667	1,032,445	1,785,112	1,359,873
Government Grants	783,286	---	783,286	259,964
In-Kind Revenue	84,950	---	84,950	21,770
Real Estate Brokerage	348,887	---	348,887	187,609
Closing Revenue	---	---	---	6,060
Counseling Fees	93,363	---	93,363	98,522
Special Events Revenue	169,960	---	169,960	178,110
Special Events Expense	(19,281)	---	(19,281)	(37,511)
Program Service Fees	17,034	---	17,034	12,301
Loan Interest Income	157,356	---	157,356	101,781
Interest Income	2,664	---	2,664	15,202
Paycheck Protection Program Revenue	158,500	---	158,500	---
Other Revenue	18,108	---	18,108	18,200
Gain or Loss on Disposal of Properties	204,534	---	204,534	84,002
Net Assets Released from Restriction	1,005,361	(1,005,361)	---	---
Total Revenue	<u>\$ 4,602,976</u>	<u>\$ 27,084</u>	<u>\$ 4,630,060</u>	<u>\$ 3,455,294</u>
<b>EXPENSES</b>				
Program Services				
Real Estate Brokerage Program	\$ 538,114	\$ ---	\$ 538,114	\$ 356,955
Homebuyer Counseling Program	1,572,666	---	1,572,666	734,832
Rehab Counseling Program	473,968	---	473,968	379,926
Lending Program	124,601	---	124,601	104,180
Management and General	353,646	---	353,646	327,037
Fundraising	373,073	---	373,073	272,593
Total Expenses	<u>\$ 3,436,068</u>	<u>\$ ---</u>	<u>\$ 3,436,068</u>	<u>\$ 2,175,523</u>
CHANGE IN NET ASSETS	\$ 1,166,908	\$ 27,084	\$ 1,193,992	\$ 1,279,771
Net Assets, Beginning of Year	<u>5,890,761</u>	<u>2,706,246</u>	<u>8,597,007</u>	<u>7,317,236</u>
NET ASSETS, END OF YEAR	<u>\$ 7,057,669</u>	<u>\$ 2,733,330</u>	<u>\$ 9,790,999</u>	<u>\$ 8,597,007</u>

The accompanying notes are an integral part of these financial statements.

**ACTS COMMUNITY DEVELOPMENT CORPORATION AND AFFILIATE**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**(With Summarized Totals for the Year Ended December 31, 2020)**

EXPENSES	Program	Management and General	Fundraising	2021 Total	2020 Total
Operating Expenses					
Salaries and Wages	\$ 1,056,478	\$ 160,585	\$ 146,208	\$ 1,363,271	\$ 1,096,194
Payroll Taxes	68,020	18,268	12,679	98,967	84,818
Employee Benefits	73,000	20,260	20,498	113,758	76,835
Staff Development	33,850	5,735	10,997	50,582	20,870
Membership Dues	200	2,447	3,177	5,824	9,471
Utilities	26,736	5,508	1,444	33,688	31,451
Telephone	2,564	3,194	549	6,307	7,892
Office Supplies	1,550	7,565	66,024	75,139	14,421
Real Estate Fees	7,807	---	---	7,807	8,143
Closing Expenses	35,821	---	---	35,821	29,720
Cleaning and Maintenance	13,682	4,875	2,251	20,808	20,696
Printing	17,917	4,889	862	23,668	28,239
Postage	357	1,639	119	2,115	2,550
Conferences, Conventions and Meetings	11,518	5,314	2,460	19,292	6,639
Travel	5,187	736	752	6,675	9,280
Professional Fees	141,049	---	24,238	165,287	37,622
Contract Services	133,290	60,997	33,723	228,010	175,115
Technology	28,146	16,495	20,751	65,392	38,914
Insurance	21,862	5,974	5,974	33,810	33,663
Awards and Grants	810,471	---	---	810,471	257,597
Miscellaneous Expenses	7,123	14,927	2,299	24,349	10,297
Non-Capital Fixed Assets Purchases	1,378	3,351	434	5,163	7,487
Interest Expense	3,960	---	---	3,960	4,655
Bad Debt Expense	92,355	---	400	92,755	91,361
Depreciation and Amortization	24,270	10,887	8,090	43,247	31,870
Advertising and Marketing	90,758	---	9,144	99,902	39,723
Total Operating Expenses	<u>\$ 2,709,349</u>	<u>\$ 353,646</u>	<u>\$ 373,073</u>	<u>\$ 3,436,068</u>	<u>\$ 2,175,523</u>
Special Events					
Catering	\$ ---	\$ ---	\$ ---	\$ ---	\$ 12,527
Professional Fees	---	---	10,310	10,310	18,021
Printing	---	---	3,665	3,665	---
Postage	---	---	55	55	---
Other Event Expenses	---	---	5,251	5,251	8,733
Total Special Events Expenses	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 19,281</u>	<u>\$ 19,281</u>	<u>\$ 39,281</u>
<b>TOTAL EXPENSES</b>	<u><u>\$ 2,709,349</u></u>	<u><u>\$ 353,646</u></u>	<u><u>\$ 392,354</u></u>	<u><u>\$ 3,455,349</u></u>	<u><u>\$ 2,214,804</u></u>

The accompanying notes are an integral part of these financial statements.

**ACTS COMMUNITY DEVELOPMENT CORPORATION AND AFFILIATE**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**(With Summarized Totals for the Year Ended December 31, 2020)**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 1,193,992	\$ 1,279,771
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	43,247	31,870
Forgiveness of Paycheck Protection Loan	(158,500)	---
Adjustment to Loan Loss Reserve	92,217	78,903
Loss on Disposal of Property Held for Sale	---	29,121
(Increase) Decrease in Accounts and Grants Receivable	220,208	333,030
(Increase) Decrease in Pledges Receivable	66,993	(181,838)
(Increase) Decrease in Prepaid Expenses	19,192	(25,809)
Increase (Decrease) in Accounts Payable	(66,193)	61,105
Increase (Decrease) in Accrued Payroll	(205)	18,181
Increase (Decrease) in Rehab Escrows Liability	231,062	99,060
Increase (Decrease) in Earnest Money Payable	(3,750)	10,000
	<b>\$ 1,638,263</b>	<b>\$ 1,733,394</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Loans Made	\$ (2,040,460)	\$ (1,266,832)
Loan Collections	286,865	324,432
Purchase of Fixed Assets	(57,891)	(122,413)
	<b>\$ (1,811,486)</b>	<b>\$ (1,064,813)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Notes Payable	\$ 1,225,000	\$ 158,500
Payments on Notes Payable	(54,237)	(41,299)
Payments on Other Long-term Liabilities	---	(4,503)
Payments on Lines of Credit	(25,081)	(64,919)
	<b>\$ 1,145,682</b>	<b>\$ 47,779</b>
Net Increase in Cash and Cash Equivalents	<b>\$ 972,459</b>	<b>\$ 716,360</b>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<b>4,819,874</b>	<b>4,103,514</b>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<b>\$ 5,792,333</b>	<b>\$ 4,819,874</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest Paid	\$ 3,960	\$ 4,655

The accompanying notes are an integral part of these financial statements.

**ACTS COMMUNITY DEVELOPMENT CORPORATION AND AFFILIATE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**



**ACTS COMMUNITY DEVELOPMENT CORPORATION AND AFFILIATE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE A - Summary of Significant Accounting Policies**

**Organization**

Acts Community Development Corporation and Affiliate's (the "Organization") mission is empowerment through home ownership.

Acts Community Development Corporation (Acts Housing) provides three main services:

1. Homebuyer Coaching: One-on-one and online, Housing and Urban Development (HUD) approved homebuyer coaching for individuals interested in purchasing a home for owner-occupancy.
2. Real Estate Brokerage: As licensed realtors, Acts Housing represents families in the purchase of homes for owner-occupancy.
3. Rehab Coaching: Professional rehab staff represents families during coordination and execution of rehab plans, with a focus on the reclamation of distressed foreclosures.

Acts Lending, Inc. provides mortgage capital to assist families primarily with financing for the purchase and repairs needed to reclaim vacant, distressed homes in Milwaukee and Beloit, Wisconsin neighborhoods.

**Consolidated Financial Statements**

The consolidated financial statements include the accounts of Acts Community Development Corporation and Acts Lending, Inc. (the "Affiliate"). All significant inter-company transactions and accounts are eliminated. Each entity maintains a separate set of accounting records.

**Accounting Method**

The financial statements of the Organization have been prepared on the accrual basis of accounting.

**Basis of Presentation**

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less when purchased.

**Accounts, Grants and Pledges Receivable**

Accounts, grants and pledges receivable are stated at unpaid balances, less an allowance for uncollectible accounts. Management has evaluated all accounts and pledges receivable based on the policy described below. Management believes all receivables will be collected in accordance with the terms of the agreements and, accordingly, no allowance for uncollectible accounts is necessary at year end other than the allowance for loan losses.

**ACTS COMMUNITY DEVELOPMENT CORPORATION AND AFFILIATE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE A - Summary of Significant Accounting Policies (continued)**

**Allowance for Uncollectible Accounts**

The Organization provides for losses on accounts and pledges receivable using the allowance method. The allowance is based on experience, third-party contracts, or other circumstances, which may affect the ability of donors and customers to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivables will not be collected.

**Loans Receivable**

Loans receivable are stated at unpaid balances, reduced by allowances for loan losses. Interest income and late fees on loans are accrued when earned. Loans are made to individual homeowners. Loans are usually initiated at closing to finance a portion of the rehab of a foreclosed property. The loans payable to Acts Lending, Inc. are principally loans of \$70,000 or less with interest rates up to 6% paid monthly over terms of five to fifteen years. The board of directors reviews interest and related policies annually. Each loan is secured by the specific property.

A loan is placed on non-accrual status when it is specifically determined to be impaired and when, in the opinion of management, there is an indication that the borrower may be unable to make payments as they become due. Interest income generally is not recognized on impaired loans. Interest payments received on such loans are applied as a reduction of the loan principal balance.

The allowance for loan losses is maintained at a level which, in management's judgment, is adequate to absorb credit losses inherent in the loan portfolio, in consideration of the nature of the portfolio, credit concentrations, trends in historical loss experience, specific impaired loans, and economic conditions. Allowances for impaired loans are generally determined after considering collateral values. The allowance is reduced by loan charge-offs, net of recoveries.

**Fixed Assets**

Fixed assets are recorded at cost. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. The Organization capitalizes all fixed assets with cost greater than \$1,000.

**ACTS COMMUNITY DEVELOPMENT CORPORATION AND AFFILIATE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE A - Summary of Significant Accounting Policies (continued)**

**Contributions and Grant Revenue**

Contributions received and unconditional promises to give are measured at their fair values and are reported as increases in net assets. Contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Contributions received with restrictions that are met in the same reporting period are reported as revenue without donor restrictions and increase net assets without donor restrictions. Conditional promises to give are not recognized until they become unconditional. A conditional contribution is one that has both a barrier that must be overcome and an agreement requiring advance payment to be returned or future payment not to be obligated when the barrier is not overcome. Amounts received for which the donor has limited the use of the asset or designated the gift as support for future periods are considered restricted support and included in net assets with donor restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. When the restriction on a contribution is met in the same reporting period as the contribution is received, the contribution is reported in net assets without donor restrictions.

Net assets restricted for acquisition of building or equipment are reported as net assets with donor restrictions until the specified asset is placed in service when the net assets are released to net assets without donor restrictions.

Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift. Donated services are recognized as contributions if the services create or enhance nonfinancial assets or the services require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Accordingly, the value of contributed time that does not meet these requirements has not been determined and is not reflected in the accompanying financial statements.

**Government Grants and Contract Revenue**

Government grants and contract revenue are recognized when earned. Revenue is earned when eligible expenditures, as defined in each grant, contract or other allowable cost manual, are made. Any cash received for revenue not yet earned is considered to be deferred revenue. Revenue earned but not yet paid to the Organization is included in grants receivable. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such review reduces expenditures allowable under these grants or contracts, the Organization records the disallowance at the time the final assessment is made. Management believes that disallowances, if any, would not have a significant effect on the financial statements.

**Functional Expenses**

The Organization allocates costs to program, management or fundraising. Program costs are those associated with carrying out the mission; management costs include costs for items such as technology support, accounting, certain office expense, and insurance; and fundraising includes all costs attributed to the solicitation of contributions. Whenever possible, the Organization charges costs directly to program, management or fundraising.

**ACTS COMMUNITY DEVELOPMENT CORPORATION AND AFFILIATE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE A - Summary of Significant Accounting Policies (continued)**

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE B - Comparative Financial Information**

The financial information shown for 2020 in the accompanying financial statements is included to provide a basis for comparison with 2021 and presents summarized totals only. The comparative information is summarized by total only, not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity to generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

**NOTE C - Future Accounting Pronouncements**

*Accounting Standards Update 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)* will be effective for fiscal years beginning after June 15, 2021. The amendments in this update are required and provide new presentation and disclosure requirements about contributed nonfinancial assets to nonprofits, including additional disclosure requirements for recognized contributed services. Contributed nonfinancial assets will be required to be reported as a separate line in the statement of activities. A financial statement note will be required to provide disaggregated contributed nonfinancial assets by category including: the type of contributed nonfinancial asset; qualitative information about the monetization or utilization of the nonfinancial assets; the policy about the monetization or utilization of nonfinancial assets; a description of restrictions, valuation, and the market used to determine the fair value. The amendments, required to be presented retrospectively to all periods presented, will not change the recognition and measurement requirements for those assets.

*Accounting Standards Update 2016-02, Leases (Topic 842)* will be effective for fiscal years beginning after December 15, 2021. This update requires the recognition of lease assets and lease liabilities on the statement of financial position measured at the present value of lease payments and requires disclosure of key information about the leasing arrangements.

*Accounting Standards Update 2020-08, Receivables – Nonrefundable Fees and Other Costs (Topic 310-20)* will be effective for fiscal years beginning after December 15, 2021. The amendments in this update represent changes to clarify the codification. An organization shall apply the amendment prospectively. This amendment impacts the effective yield of an existing individual callable debt security.

**ACTS COMMUNITY DEVELOPMENT CORPORATION AND AFFILIATE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE C - Future Accounting Pronouncements (continued)**

*Accounting Standards Update 2016-13, Financial Instruments - Credit Losses (Topic 326)* will be effective for fiscal years beginning after December 15, 2023. The main objective of this update is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this objective, the amendments in this update replace the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates, including exploring more forward-looking alternatives.

**NOTE D - Liquidity**

At December 31, 2021, the Organization had financial assets available for expenditures within one year of the consolidated statement of financial position date and for payment of other obligations as they come due consisting of the following:

<u>Type</u>	<u>Amount</u>
Cash and Cash Equivalents	\$5,765,200
Current Portion of:	
Loans Receivable	275,040
Accounts and Grants Receivable	558,169
Pledges Receivable	217,846
Less Donor Restrictions	<u>(528,943)</u>
Total	<u>\$6,287,312</u>

The Organization has cash and cash equivalents on hand of approximately 20 months of general operating expenditures. These balances are held in liquid bank accounts or other securities with maturities of three months or less. The Organization has traditionally maintained all available funds in liquid accounts to accommodate lending and other program activities.

The Organization's cash flows have variations during the year attributable to the timing of cash receipts for contributions and a concentration of certain contributions and event income in the second half of the calendar year.

**ACTS COMMUNITY DEVELOPMENT CORPORATION AND AFFILIATE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE E - Conditional Contributions and Grants**

The Organization has a contract with the State of Wisconsin which includes specific use stipulations requiring funds be used only on qualifying expenses determined by the grant contract and allowable cost policies. The Organization will not receive the grant funds unless spent on the required activity and within the allowable cost guidance. As of December 31, 2021, the Organization has available grant funds of \$211,756 in the Housing Cost Reduction Initiative, which are available through September 30, 2023.

The Organization has been awarded a technical assistance grant to build organizational capacity from the U.S. Department of the Treasury Community Development Financial Institutions Program of \$125,000 which are available through December 31, 2022.

**NOTE F - Revenue from Contracts with Customers**

The Organization receives loan interest revenue by providing purchase and rehab loans for families who have been locked out of the traditional mortgage market and are purchasing distressed homes. The interest is reported at the amount that reflects the consideration to which the Organization is entitled in exchange for the services provided. Interest revenue is collected throughout the year. No deferred revenue has been recorded for interest revenue as of December 31, 2021. Total revenue from loan interest was \$157,356 for the year ended December 31, 2021.

The Organization receives revenues related to its real estate brokerage and coaching programs. The fees are reported at the amount that reflects the consideration to which the Organization is entitled in exchange for the coaching services and for the real estate services. The revenue is collected throughout the year as the services are provided and therefore no deferred revenue has been recorded as of December 31, 2021. Total revenues related to these programs were \$442,250 as of December 31, 2021.

The Organization receives revenues related to loan origination fees and appraisal fees. The fees are reported at the amount that reflects the consideration to which the Organization is entitled in exchange for the services. The revenue is collected throughout the year as the services are provided and therefore no deferred revenue has been recorded as of December 31, 2021. Total revenues related to these programs were \$17,034 as of December 31, 2021.

The Organization also hosts a fundraising event at which individuals and businesses provide amounts for sponsorship. The sponsorships are reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing the registrant access to the event. Revenue from this event was recognized at the point of time the event was held. The event was held virtually in 2021 and no amount is considered an exchange transaction.

**NOTE G - Concentration of Risk**

The Organization maintains its cash balances at three financial institutions. Balances in accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. Balances in excess of that amount are uninsured. At December 31, 2021, the Organization's uninsured cash balances totaled \$4,853,082. Management has evaluated the risk of uninsured balances.

**ACTS COMMUNITY DEVELOPMENT CORPORATION AND AFFILIATE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE H - Pledges Receivable**

Pledges receivable consists of unconditional promises to give. Pledges receivable are included in net assets with donor restrictions because the contributions are designated for future years. At December 31, 2021, pledges receivable total \$317,846. Pledges receivable amounts are expected to be collected as follows:

<u>Year</u>	<u>Amount</u>
2022	\$217,846
2023	<u>100,000</u>
Total	<u>\$317,846</u>

**NOTE I - Grants and Accounts Receivable**

Grants and accounts receivable consist of the following amounts as of December 31, 2021:

<u>Source</u>	<u>Amount</u>
Corporate, Foundation, and Financial Institution Grants	\$1,037,000
Sponsorships and Fees Receivable	64,119
State of Wisconsin	<u>66,050</u>
Total	<u>\$1,167,169</u>

Receivables are expected to be collected as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 558,169
2023	428,000
2024	<u>181,000</u>
Total	<u>\$1,167,169</u>

**NOTE J - Net Loans Receivable**

Net loans receivable consist of the following as of December 31, 2021:

Loans Receivable	\$4,549,733
Less: Allowance for Loan Losses	<u>(272,220)</u>
Net Loans Receivable	<u>\$4,277,513</u>

**ACTS COMMUNITY DEVELOPMENT CORPORATION AND AFFILIATE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE J - Net Loans Receivable (continued)**

Maturities of loans receivable are estimated as follows:

<u>Year</u>	<u>Amount</u>
2022	\$ 275,040
2023	270,483
2024	281,915
2025	297,119
2026	311,959
Thereafter	<u>3,113,217</u>
Total	<u>\$4,549,733</u>

**Allowance for Loan Losses**

The Organization considers that the determination of the allowance for loan losses involves a higher degree of judgment and complexity than its other significant accounting policies. The balance in the allowance for loan losses is determined based on management's review and evaluation of the loan portfolio in relation to past loss experience, the size and composition of the portfolio, current economic events and conditions, and other pertinent factors, including management's assumptions as to future delinquencies, recoveries and losses. All of these factors may be susceptible to significant change. To the extent actual outcomes differ from management's estimates, additional provisions for loan losses may be required that would adversely impact earnings in future periods. Acts Lending, Inc.'s management and lending committee recommends, on a quarterly basis, the reserve amounts to the Board of Directors, which approves the reserve. The loan loss reserve percentage allocations are established annually. Loans receivable are presented net of a loan loss allowance of \$272,220 at December 31, 2021.

**Loss**

Whenever any portion of a loan is deemed uncollectible, in part or in whole, a partial or full charge-off will be made against the allowance for loan losses based on a conservative estimate of the realizable liquidation value. A loan that is impaired and foreclosure or loss of the asset is imminent must be charged off unless there are realistic expectations that the borrower can bring the account current or a realistic restructure can be negotiated. Management keeps current on information throughout the year that would classify a loan asset as a loss.

**Credit Quality Indicators**

The key to Acts Lending Inc.'s credit risk management is its loan originating system. Staff recommends decisions on loans based primarily on a thorough analysis of each borrower's financial capacity in conjunction with collateral values and the inherent credit risk specific to the transaction. Approvals are made by an independent loan review committee, whose voting members include the Treasurer of Acts Lending, Inc.'s Board of Directors and the co-chair and members of Acts Lending, Inc.'s Lending Committee. Loans are monitored monthly by the Program Manager and Lending Committee at least four times per year.



**ACTS COMMUNITY DEVELOPMENT CORPORATION AND AFFILIATE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE J - Net Loans Receivable (continued)**

Allowances are recognized for all loans based on the category of loan grade assigned to each loan as outlined below. Once graded, loan losses are reserved at the following percentages:

<u>Loan Grade</u>	<u>Loan Loss Reserve Percentage Allocation/Maintenance</u>
Grade 4	5%
Grade 5	15%
Grade 6	37%

Loans are not to carry a lower reserve, but based on the specific circumstances of a particular loan, it may carry higher reserves. Loan loss reserve percentages are reviewed and established annually.

Grade 4 - Acceptable

These loans are generally acceptable asset quality. The primary source of loan repayment is acceptable and verified. These loans have acceptable credit/credit verifications or pathway to improved credit, but the borrower's financial condition evidence is slightly above average risk; requires slightly above normal supervision and attention from management. The source of increased risk has been identified, can be effectively managed/corrected, and the increased risk is not significant to warrant a more severe rating.

Grade 5 - Watch

These loans have coverage that is somewhat erratic, future coverage is uncertain and liquidity is strained. Indicators of potential deterioration of repayment sources have resulted in uncertainty or unknown factors concerning the status of the credit. The risk rating of watch is considered transitory in nature. When the factors causing the uncertainty have been clearly defined, a risk rating should be assigned commensurate with the risk characteristics and circumstances that exist. Quarterly memorandums regarding action plans for managing the risk of the credit must be developed for credits in this category.

Grade 6 - Substandard

While the probability of loss is high for these loans (account is past due over 90 days), there are existing factors that may strengthen the asset. A substandard asset is inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged, if any. Assets so classified must have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the Organization will sustain some loss if the deficiencies are not corrected.

As of December 31, 2021, the allowance for loan losses consists of the following:

<u>Loan Grade</u>	<u>Loan Receivable</u>	<u>Reserve Percentage</u>	<u>Allowance Amount</u>
Grade 4	\$4,265,439	5%	\$ 213,342
Grade 5	210,502	15%	31,575
Grade 6	<u>73,791</u>	37%	<u>27,303</u>
Total	<u>\$4,549,732</u>		<u>\$272,220</u>

**ACTS COMMUNITY DEVELOPMENT CORPORATION AND AFFILIATE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE K - Impaired Loans and Troubled Debt Restructurings**

Impaired loans are defined as loans to borrowers whose loan payments are significantly late. Impaired loans are written off when payment is doubtful. There were \$5,838 of impaired loans as of December 31, 2021.

Troubled Debt Restructurings (TDR) occur when a creditor, for economic or legal reasons related to a debtor's financial condition, grants a concession to the debtor that it would not otherwise consider, such as a below market interest rate, extending the maturity of a loan, or a combination of both.

Each loan is reviewed independently to determine the best course of action. The financial results of the borrower and other information (history of owners, significant business developments, etc.) are reviewed in addition to a projection of the borrower's financial status to determine: a) if the loan is still considered sustainable for the borrower, b) the level of commitment of the borrower, and c) the level of projected cash flows to cover servicing the debt. Loans are restructured with the intention to help the borrower manage their current cash flows and, over time, bringing the actual amortization of the loan in line with projected cash flow levels.

The financial performance of the borrower over the past year is also reviewed to be reasonably assured of repayment and performance according to the modified terms. The projected repayment source needs to be reliable, verifiable, quantifiable and sustainable. In addition, all troubled debt restructurings are reviewed as needed to determine the amount of any impairment.

There were no modifications that involved forgiveness of debt. There were three loans modified in a troubled debt restructuring as of December 31, 2021, the pre-modification balances totaled \$94,131, and the post-modification balances totaled \$133,235

**NOTE L - Notes Payable**

In 2019 Acts Lending, Inc. entered into a \$200,000 loan with a financial institution, with an interest rate of 0.75%. The loan matures on March 23, 2030. At December 31, 2021, the loan had an outstanding balance of \$175,818.

In 2021 Acts Lending, Inc. entered into a \$225,000 loan with a financial institution, with an interest rate of 0.75%. The loan matures on June 30, 2031. At December 31, 2021, the loan had an outstanding balance of \$218,041.

In 2021 Acts Lending, Inc. entered into a \$500,000 loan with a financial institution, with an interest rate of 0.75%. The loan matures on June 13, 2031. At December 31, 2021, the loan had an outstanding balance of \$484,016.

In 2021 Acts Lending, Inc. entered into a \$170,000 loan with a financial institution, with an interest rate of 0.57%. The loan matures on March 26, 2031. At December 31, 2021, the loan had an outstanding balance of \$161,850.

**ACTS COMMUNITY DEVELOPMENT CORPORATION AND AFFILIATE  
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**NOTE L - Notes Payable (continued)**

In 2021 Acts Lending, Inc. entered into a \$330,000 loan with a financial institution, with an interest rate of 0.58%. The loan matures on October 7, 2031. At December 31, 2021, the loan had an outstanding balance of \$324,739.

Future principal payments as of December 31, 2021, are as follows:

<u>Year</u>	<u>Amount</u>
2022	\$ 91,710
2023	92,386
2024	93,060
2025	73,752
2026	94,444
Thereafter	<u>899,112</u>
Total	<u>\$1,364,464</u>

**NOTE M - Paycheck Protection Loan**

On April 9, 2020, the Organization received loan proceeds in the amount of \$158,500 under the Paycheck Protection Program ("PPP"). Established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the business's average monthly payroll expenses. PPP loans and accrued interest are forgivable after a "covered period" (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The loan was forgiven in January 2021 and the Organization has recorded it as revenue in 2021.

**NOTE N - Net Assets with Donor Restrictions**

Net assets with donor restrictions consist of the following at December 31, 2021:

<u>Purpose</u>	<u>Amount</u>
Beloit Initiative	\$1,359,747
Capital Campaign	368,272
Time-Restricted Pledge	275,000
African American Homeownership Initiative	267,285
Foreclosure Prevention Pilot	192,064
Property Tax and Repair Loan Fund	100,000
Lending Administration	56,871
Home Buyer Housewarming Gifts	46,467
Harambee Loans	30,000
Home Buyer Program	20,000
Other	<u>17,624</u>
Total Net Assets with Donor Restrictions	<u>\$2,733,330</u>

**ACTS COMMUNITY DEVELOPMENT CORPORATION AND AFFILIATE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE O - Intercompany Eliminations**

Acts Community Development Corporation (“CDC”) incurs expenses related to Acts Lending, Inc. which are then reimbursed by Acts Lending, Inc. (“Lending”) to Acts CDC. All intercompany revenues, expenses, payables, and receivables have been eliminated from the consolidated statement of financial position and consolidated statement of activities.

Eliminations included the following:

Grants Paid from CDC to Lending	\$526,677
Payroll Reimbursement from Lending to CDC	115,586
Other Reimbursed Expenses	5,232

**NOTE P - In-Kind Revenue**

The Organization received various donations as in-kind for the year ended December 31, 2021. The items and values of these in-kind donations are as follows:

<u>Description</u>	<u>Amount</u>
Tools	\$50,000
Rent	20,000
Supplies	<u>14,950</u>
Total	<u>\$84,950</u>

Income and expense related to these services were included in the accompanying financial statements.

**NOTE Q - Advertising**

The Organization uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising expense for the year ended December 31, 2021, was \$99,902.

**NOTE R - Income Taxes**

The Acts Community Development Corporation is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation. The Acts Lending, Inc. is a solely owned Corporation and therefore the Internal Revenue Service considers it to be a disregarded entity for tax purposes. All Affiliate activity is included under Acts Community Development Corporation for tax purposes. Management has reviewed all tax positions recognized in previously filed tax returns and those expected to be taken in future tax returns. As of December 31, 2021, the Organization and Affiliate had no amounts related to unrecognized income tax benefits and no amounts related to accrued interest and penalties. The Organization does not anticipate any significant changes to unrecognized income tax benefits over the next year.

**ACTS COMMUNITY DEVELOPMENT CORPORATION AND AFFILIATE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE S - Contingencies**

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The Organization is closely monitoring its loan portfolio and its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Organization's customers, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Organization's financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

**NOTE T - Subsequent Events**

The Organization has evaluated events and transactions occurring after December 31, 2021, through May 26, 2022, the date the financial statements are available to be issued, for possible adjustments to the financial statements or disclosures. The Organization has determined that the following subsequent event needs to be disclosed.

In April 2022, the Organization entered into a non-revolving line of credit of \$500,000 to support its lending operations. The line of credit commitment is for two years. Individual draws on the line of credit will convert into notes with a maximum maturity of 10 years. The line of credit bears interest at the Federal Funds Rate plus 0.50%.

In February 2022, the Organization received a federally-sourced grant of \$1,000,000 for Down Payment Assistance. These funds are to be deployed to homebuyers in Milwaukee neighborhoods.



**124**  
families received financial education



**22**  
owner-occupied home sales



**3**  
tax-foreclosures reclaimed



**30**  
kids in stable housing

## Who are Acts homebuyers in 2022?

### Race:



**73%**

White Families



**18%**

Black Families



**9%**

Multi-racial Families



The average age of the head of household was 37 years old. The youngest Acts homebuyer was 23 and the oldest was 57.

### Ethnicity:



**68%**

Latine Families



**32%**

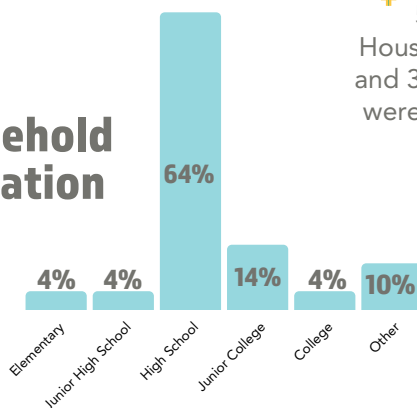
Non-Latine Families



### Family size

The average Acts family had 3 members; the largest families had up to 5 members!

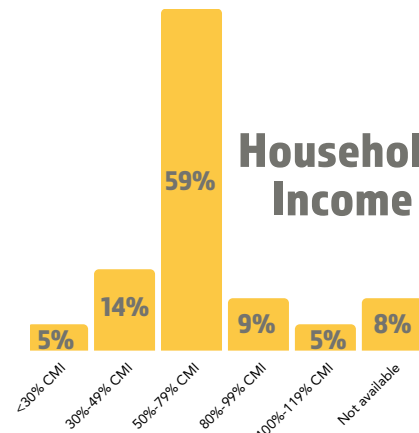
### Head of household level of education



### Women Rule!

55% of "Heads of Households" were women, and 33% of tax foreclosures were reclaimed by women

### Household Income



73% of new homeowners earned between 30% and 80% of the county median income.

For a family of three, that's \$23,030-\$58,700 per year.

## Dollars and cents



Total amount invested in home purchase and rehab:

**\$2.89MM**



Total down payment assistance funds awarded to Acts homebuyers (a combined 31 grants!):

**\$90K**

CITY OF БЕЛОIT

Application for HOME Project for Fiscal Year 2023

1. APPLICATION COVER SHEET

Project Title: NeighborWorks Blackhawk Region HOME Downpayment Assistance

Project Applicant Contact Information

Legal Name of Applicant/Organization: Neighborhood Housing Services of Beloit, Inc. dba NeighborWorks Blackhawk Region

Applicant is: \_\_\_ Unit of Local Government \_\_\_ Municipal Corporation

\_\_\_ Religious Organization \_\_\_ Educational Institution \_\_\_ Economic Development Corporation

X Private, Non-Profit Organization EIN# 39-1322491

\_\_\_ Other (explain) \_\_\_\_\_

UEI # G3GBDNP78JC1

Primary Contact Name: Joy Bosco

Title: Executive Director

Mailing Address: 520 W. GRAND AVE. БЕЛОIT WI 53511

Phone: 608-362-9051 E-mail: jbosco@nwbr.org

Has your agency previously received HOME funding? Yes Yes/No

Amount of Request \$79,040.00

CERTIFICATION and AUTHORIZED SIGNATURE: To the best of my knowledge and belief, the information contained in this application, and in the additional required documentation submitted with this application, is true and correct. The submission of this application has been duly authorized by the governing body of the Applicant. The Applicant agrees that if the project is allocated funding, it will comply with all federal, state and local statutes, regulations, policies and requirements applicable to CDBG/HOME funding.

Joy Bosco  
Signature of Authorized Applicant Representative

4/14/2023  
Date

Joy Bosco, Executive Director  
Name and Title of Authorized Applicant Representative (Please Print or Type)

## 2023 HOME APPLICATION

Answer each question fully but concisely.

### A. THRESHOLD AND ELIGIBILITY

1. Please describe what process is used to select your program participants.

*Downpayment Assistance Program participants typically are referred to NeighborWorks Blackhawk Region (NWBR) by friends, family, or program partners, such as area lenders and real estate professionals. Others may learn about the program through agency outreach efforts or social media marketing. When participants first communicate with NWBR, staff collect information from them in order to assess where they are in the homebuying process and what their needs are. If the participant has not yet completed HUD-certified housing counseling and education, they are assisted in getting registered and scheduled for those services. Once the participant has an accepted offer on an owner-occupied property within the City of Beloit, NWBR staff evaluate if the participant qualifies to apply for downpayment assistance, based on required elements of the HOME grant, including household income, residency, financial need, citizenship, etc. If the participant qualifies to apply for the HOME downpayment assistance, NWBR works with the participant to collect further information and documentation. Once the application materials are complete, they are presented to the NWBR Loan Committee for approval based on agency lending guidelines. If approved, the participant works with NWBR staff to complete all documentation and other program requirements prior to closing.*

2. How long has your organization provided this type of service?

*NeighborWorks Blackhawk Region has been providing downpayment assistance to residents of the City of Beloit for more than 18 years. Program funding sources have included HOME Investment Partnership Program, Community Development Block Grant, Neighborhood Stabilization Program, American Dream Downpayment Initiative, NeighborWorks America and the Federal Home Loan Bank of Chicago's Affordable Housing Program.*

### B. PROJECT DESCRIPTION & SOUNDNESS

1. **Project Description:** Please describe the project for which you are requesting funding.

*NeighborWorks Blackhawk Region is requesting funding to provide downpayment assistance to low-income Beloit residents seeking to transition into homeownership who qualify under the guidelines of the Home Investment Partnerships Program. Participants would be required to complete homebuyer education and counseling through a HUD-certified Housing Counseling Agency in order to help them realistically evaluate their readiness for homebuying, understand their financing and downpayment options, and navigate through the complicated homebuying process. Upon application approval, participants would receive a \$7500 forgivable loan towards their downpayment and closing costs that would be forgiven on a monthly basis over the five-year affordability period as if they were making monthly payments.*



2. **What are the specific output goals for the proposed project?**

**Households Served.** Indicate the number of unduplicated households and persons to be assisted in total and the number to be assisted with HOME funds requested. Unduplicated means that each household and person served by the project is counted only once during the program year.

	PY2023
Project Outputs	Households
1. Total assisted with HOME funds	10

3. **HUD requires recipients of federal funding to access outcomes for the program. All approved applicants are required to comply with the Performance Measurement System. Please complete the following:**

- A. State the outcome. Outcomes are the benefits or impacts that result from the services provided. Outcomes measure a change in knowledge, attitude, skills, behavior, conditions or status in the persons served.

*The outcome of this project is that the program participants now own and reside in safe, decent, affordable housing and have increased their knowledge and skills in a way that will produce sustainable homeownership.*

- B. Indicate the anticipated percentage and number out of total families/households served who will achieve the outcome each year.

*All participants, 100%, will achieve this outcome.*

- C. List the indicators that will be used to show that the persons served achieved the outcome.

*Two performance indicators would be measured to show that the persons served achieved the desired outcome. The first is percentage of participants that purchase a home. The second indicator is percentage of participants who are able to sustain homeownership and avoid foreclosure.*

- D. State the basis for selecting the outcome and how it demonstrates achievement of the overall goals of the project.

*The overall goal of the project is to assist low-income residents of Beloit on their path to homeownership and to provide them the resources to maintain it. The outcome was selected because it demonstrates achievement of that goal in a clear and objective manner.*

- E. Indicate how you are going to measure the outcome include the data collection tools, the measurement timeline, and who will be responsible for monitoring progress and compiling the information required for reporting.

*The outcome of the project will be measured in two ways. The first part of the outcome involves the condition of the property that the participants purchase and reside in. If the desired outcome is participants owning and residing in safe, decent, affordable housing, and the HOME program requires that any home purchased with program funding be safe, decent and affordable, then all participants that purchase a home through the program would achieve that outcome. All data would be collected during the participant's time in the program up until they purchase the home, and would include documentation of the staff-performed HUD-approved Property Inspection and Lead Based Paint Visual Inspection, along with documentation that the purchase meets affordability guidelines. NWBR staff will be responsible for monitoring progress and compiling data for reporting.*

*The second part of the outcome involves sustainable homeownership. Program participants will participate in a pre-purchase first time homebuyer workshop and individual housing counseling with a HUD-certified housing counselor, which includes budgeting and financial counseling, and assistance navigating the complex home buying process. This will increase their knowledge and skills. Full service comprehensive counseling is a hallmark of NWBR's program and the NWBR housing counselor works closely with the participants throughout the homebuying process, providing additional counseling and resources, and answering questions. Participants are encouraged to contact the agency after their home purchase should they have any questions or should any housing challenge arise. If a financial or other complication should occur, NWBR's HUD-certified counselor can assist the homeowner in avoiding foreclosure. Sustainability will be measured through periodic follow-up with participants by the housing counselor after they purchase their home. NWBR staff contacts participants on a regular basis, 3 months after closing, 1 year after closing and annually after that. Staff reach out to see how participants are managing with homeownership and if they would like any further counseling or resources. If participants fail to express concern about an issue with their mortgage, the agency will receive legal notice of any filed foreclosure papers and will reach back out to the participant to offer assistance. NWBR staff will track follow-up attempts and results for reporting.*

**4. What experience do you have in serving the target population and in providing the type of service in the proposed project?**

Describe past experience and performance achieved by this project or similar project; include any barriers encountered and how those barriers were addressed, as well as whether project goals were achieved.

*NeighborWorks Blackhawk Region has been providing downpayment assistance to residents of the City of Beloit for more than 18 years and has assisted hundreds of local families in becoming homeowners. Thanks to public and private partnerships, NWBR has been offering housing services to the area low-income residents since its founding in 1979 in the Merrill neighborhood. A recent initiative to track homeownership sustainability among new homeowners who participated in NWBR programs showed that 100% who purchased homes in 2018-2019 have avoided foreclosure. This is not surprising since research by multiple organizations, including HUD, the Urban Institute and NeighborWorks America, has found that homeowners who received housing counseling were 67% more likely to stay current on their mortgage payments and had a 27% lower risk of foreclosure compared to those who did not receive counseling. NWBR has occasionally struggled with reluctance from local lenders who don't want to send their clients through the program because they don't want to take on the extra steps and*

*additional paperwork required. Staff have found that establishing and maintaining strong relationships with local lenders has combatted that; it doesn't take long for them to see the benefits to everyone involved.*

### C. ORGANIZATIONAL CAPACITY

#### 1. What is your organization's experience in managing publicly funded projects?

- A. Describe any specific experience your organization has in the administration of federal, state, and local government funds. If your organization does not have experience as an organization, then the relevant experience of board members or staff may be used.

*Sources of funding for the NWBR downpayment assistance program have over the years included the HOME Investment Partnership Program, Community Development Block Grant, Neighborhood Stabilization Program, American Dream Downpayment Initiative, and funding from NeighborWorks America through their Congressional Appropriation. In areas other than downpayment assistance, NWBR has administered funding from Wisconsin Housing and Economic Development Authority, HUD's Housing Counseling Grant program, HUD's Moderate Rehab program, the National Foreclosure Mitigation Counseling program, FEMA's Emergency Food and Shelter Program, and the Emergency Homeowners' Loan Program.*

- B. Describe your organization's fiscal management including financial reporting, record keeping and accounting systems.

*Agency finances are managed by the Staff Accountant and Office Manager and overseen by the Executive Director and the Finance Committee. Grant funds are accounted for in the accounting software, Abila MIP Fund Accounting Software. Grant activities and funds are tracked and reported by staff using MIP and Excel Software.*

- C. Describe whether your organization has a written personnel policy manual that includes procedures for personnel and financial management, a process for grievance, and a plan for affirmative action.

*NWBR's corporate policies include an Employee Handbook with procedures for personnel management, a process for grievance, and a plan for affirmative action. NWBR also has extensive policies and procedures around financial management.*

- D. If you have current HOME projects/contracts, are they progressing timely and in accordance with the project accomplishments and schedule? If not, explain why.

*NWBR currently has a HOME contract, signed in 2020 with the City of Beloit and extended in 2022, to provide downpayment and closing cost assistance to low to moderate income individuals purchasing houses rehabbed or constructed using HOME funds within the City of Beloit. The original contract was for \$96,000 and currently has a balance remaining of \$44,867.89. NWBR does not have control over the timeline for expending these funds because they can only be used to benefit purchasers of homes constructed or rehabbed with HOME funds*

*by the City of Beloit or its subgrantees, and therefore the agency relies on them to finish properties and list them for sale before services can be provided.*

**2. List funders and describe type and frequency of monitoring, as well as any findings, and the resolution of those findings.**

*The most recent funders for the NWBR downpayment assistance program are HOME and Community Development Block Grant, through the City of Beloit. The HOME funds have not been subject to monitoring in recent years. The CDBG funds are monitored annually by City of Beloit staff. The most recent monitoring took place on August 11, 2022 and involved 3 contracts for 2021 funding. The monitoring letters for 2019-2021 CDBG funding all complimented NWBR on doing a “fantastic job” complying with the Federal requirements and submitting reporting in a timely manner. There have been no findings or areas of concern by City of Beloit staff for eight years.*

**3. What are the qualifications of the staff members involved in the project?**

Describe the qualifications (e.g., education, training, experience) of the specific staff members who will manage the project and provide services.

*Lizz Casey, NWBR Deputy Director, is responsible for providing downpayment assistance services. Before coming to NWBR, Lizz spent 7 years working in private lending including processing and underwriting first mortgage loans. She joined NWBR in 2011 and in 2015 took over the lending program. Since then, she has successfully closed dozens of downpayment assistance loans for low-income Beloit residents. She is a HUD-certified Housing Counselor, a licensed National & Wisconsin SAFE Mortgage Loan Originator, and holds a NeighborWorks America Full-Cycle Lending Certificate.*

*Dan White has been NWBR’s accountant for 30 years and has been responsible for fund accounting and grant management during that time. Dan’s expertise and experience, including with decades of NWBR’s HOME and CDBG grants, are partially responsible for the lack of monitoring concerns and findings during his tenure at the agency.*

*Joy Bosco has been at NWBR since 2005, becoming Executive Director in 2015. Joy’s 7 years of prior experience in banking and mortgage lending before joining NWBR provided her the knowledge and experience to oversee the downpayment assistance program. She ran the lending program before becoming E.D. and now works closely with Lizz and Dan to make sure the program is efficiently and effectively providing services to Beloit residents while maintaining compliance with grant requirements and federal regulations.*

**4. How will your organization assure that project services are provided in a culturally competent and linguistically accessible manner?**

Explain your agency’s commitment to and ability to provide services that are culturally competent and linguistically accessible. Include a description of:

- A. How the project’s service design and delivery provide for the cultural and linguistic needs of project clients;

*Providing down payment assistance to low-income residents in a culturally competent and linguistically accessible manner involves understanding the unique needs and challenges of the*

community, as well as providing multilingual resources. Low-income clients and board members have input into program design and delivery within the requirements of the Federal regulations. NWBR works with community partners to better understand the cultural and linguistic needs of the community. Because residents may not be familiar with the homebuying process or the types of assistance available to them, NWBR provides education and resources through workshops, webinars, and educational materials.

Materials are available in alternative formats, and NWBR will provide interpretation or translation services if needed. When explaining down payment assistance programs, staff strive to use language that is easy to understand, avoiding using jargon or technical terms that may be confusing. NWBR strives to serve all of those in our community, no matter their background, because we are committed to helping build a community where everyone can thrive.

- B. The cultural backgrounds and experiences of board members and staff; and
- C. The training and policy guidance provided to board members and staff regarding cultural competence and language barriers.

The board and staff at NWBR have diverse backgrounds and experiences. Forty percent of board members are representatives of the low-income community. Of staff and board members, 63% are women and 36% identify as people of color. Board members are employed in a variety of arenas, including nonprofit, public service, and the private sector.

Training provided to staff includes information on cultural competency and evaluating program and service delivery through a racial equity lens. Examples of recent trainings completed include:

**Trauma-Informed and Equity-Focused Approaches to Service Delivery**

Foundational framework for delivering financial capability services to a broad array of clients using the skills of trauma-informed services to maintain the safety and well-being of clients. At the same time, understand the practices of equitable service delivery to ensure inclusiveness.

**Counseling Solutions for Vulnerable Populations and Homelessness in Times of Crisis**

Help minimize the risk and impact of current financial circumstances on those at higher risk including households with minimal to no savings, limited English proficiency, older populations, and many more. Identify challenges and explore services and protections available during and after the COVID-19 crisis, as well as analyze processes for effectively delivering high levels of service when counseling vulnerable populations.

**5. How does your organization use collaboration with other local community organizations to support the proposed project?**

- A. List the committees, groups, or meetings your organization participates in. For recurring meetings, the expectation is that you list organizations where your agency is present at 75% or more of meetings.
- B. Describe how the collaborations listed help to develop support for the proposed project (such as enhanced access to services needed by project clients, a shared scarce resource, or improved public policy).

*NeighborWorks Blackhawk Region collaborates with community organizations to increase homeownership opportunities and to heighten community awareness of NWBR's homeownership programs. First-time homebuyer workshops are held at the Beloit Public Library. This pre-purchase education is vital to the homeownership process and to informing residents about their downpayment assistance options. Library and NWBR staff work together to market the programs to increase awareness of homeownership and assistance opportunities in the City. The library is in a central location and is reachable by public transportation which makes it an ideal location for workshops that residents can easily access, as well as being easily accessible for people with disabilities.*

*NWBR is currently collaborating with Family Services of Southern Wisconsin and Northern Illinois to provide homeownership counseling and education to participants in the Next Step Transitional Living Program when it opens. NWBR staff will work with interested program participants to move them towards homeownership and will educate residents about their downpayment assistance options.*

*At a regional level, NWBR is a member of the Wisconsin Affordable Housing Action Network (WAHAN), which is an organization dedicated to transforming the debate around permanent affordable housing in Wisconsin. Member organizations work together to support local communities to meet affordable housing needs impacting the most vulnerable, families, and their workforce in ways that strengthen communities. The network does this while advocating at State and Federal levels for improved public policy to maximize impact.*

## D. FINANCIAL FEASIBILITY

1. **Provide a copy of the latest Budget Summary for your organization.**
  - A. Detail by line item the applicant’s proposed project budget separating requested HOME funding from additional agency funding dedicated to the project.
  - B. Explain in narrative form how HOME funds will be used as shown in the budget summary and budget worksheets (e.g. specific positions, type of communication costs, type of supplies, description of equipment items in support of direct services). If your program generates program fees or program income, explain how these dollars are generated (ex. late fees, counseling fees, etc.). For each position for which you are requesting full or partial HOME funding, attach a current job description that includes a list of the duties and minimum qualifications for filling the position.

### *HOME Downpayment Assistance 2023 Project Budget*

Expenses	HOME funding	Other funding	Total
Direct Assistance to Homebuyers	\$75,000	--	\$75,000
Staff Wages/Fringe	\$3000	--	\$3000
Professional Fees	--	\$1000	\$1000
Supplies	--	\$100	\$100
Telephone	--	\$225	\$225
Occupancy Costs	--	\$875	\$875
Equipment Rental & Maintenance	--	\$150	\$150
Program Marketing	\$500	--	\$500
Program Expenses	\$540	\$480	\$1020
<b>Total Program Expenses</b>	<b>\$79,040</b>	<b>\$2830</b>	<b>\$81,870</b>

*The majority of the HOME funds will be disbursed as downpayment assistance, \$7500 each to ten households. An additional \$3000 will be used for staffing for loan application, processing and closing, and for the staff-performed HUD-approved Property Inspection and Lead Based Paint Visual Inspection. Five hundred dollars in HOME funding will be used for program marketing, specifically paid advertising in traditional and social media. Program expenses, as allowable by the HOME grant, will be charged for recording the downpayment assistance mortgage with the Rock County Register of Deeds and for expenses related to loan origination software.*

*Applicants pay a \$100 application fee in order to apply for the assistance. This funding offsets expenses incurred prior to approval of assistance and in cases where applications are not approved.*

*Please see Attachments A and B for position descriptions of staff positions partially funded by the HOME grant.*

**2. If funded, will the proposed project leverage additional resources?**

List the source and amount of funds to be leveraged with HOME funding for this project on the Budget Summary for each year of funding requested. Identify which of those funds have been secured, applied for, or are anticipated to be applied for in the future. Match is required for HOME funds. Therefore, please indicate the source and amount for any eligible match that you will contribute to the project. Priority will be given to projects which require match.

*Receipt of HOME funding would enable the agency to leverage funds from Associated Bank for the purpose of promoting homeownership in the City of Beloit. Funds from Associated Bank would cover project expenses not covered by the HOME grant, such as professional fees, occupancy costs, etc. NWBR has received these funds before and anticipates applying for and receiving approximately \$7500, which would support the downpayment assistance program and other NWBR programs and services. If the Associated funds are not received, NWBR has sufficient earned revenue from other lending programs to fund the project expenses not covered by HOME funds.*

*The funds from Associated Bank would qualify as HOME match as they are not federal funds. Other sources of match include NWBR earned lending revenue and the program applicants' \$100 application fee and \$1000 minimum contribution to the home purchase.*

**3. If the proposed project is funded at a level lower than requested, at what amount of funding can the sponsoring agency still deliver meaningful service?**

Due to the limited availability of resources it is often necessary to fund proposed projects at levels below the levels requested. Please describe a reduced level of funding at which effective service can be delivered and what reductions in your budget can be made.

*If funding is reduced, NWBR staff will make adjustments to the loan amount and number of loans available in the project. A funding amount of \$32,000 would be feasible and would cut expenses by more than 50% but 17 would result in fewer loans being deployed at lower loan amounts.*

**4. Financial Planning for Project Sustainability.**

Describe efforts by the agency to develop:

- A. alternative future sources of funding to support the proposed project, and
- B. a financial contingency plan in preparation for possible funding reductions.

*NWBR has had in the past, and will pursue in the future, downpayment assistance program funding through the Community Development Block Grant program, NeighborWorks America, and the Federal Home Loan Bank of Chicago's Affordable Housing Program. If funding is reduced, NWBR staff will make adjustments to the loan program, including reducing the loan amount and number of loans available in the project as well as cutting expenses.*

**5. Financial Management Capability:**

Provide a narrative of your agency's financial management capacity and include financial audits; describe type, frequency, findings, and resolution to findings.



*Agency finances are managed by the Staff Accountant and Office Manager and overseen by the Executive Director and the Finance Committee. NWBR's accountant has 30 years of experience and expertise in fund accounting and grant management, including decades of NWBR's HOME and CDBG grants. NWBR's financial statements are audited annually by an experienced public accounting firm whose principal officers are independent certified public accountants with a background in nonprofit accounting. For more than 10 years, the auditors have issued an unmodified, or "clean", opinion of the NWBR financial statements with no findings, the highest opinion that can be awarded.*

*Please see Attachment C for NWBR's most recent independent financial audit and management letter.*

**E. CONFLICT OF INTEREST**

1. Please indicate if any of your agency's staff and/or board/committee members has served on the Beloit Community Development Authority and/or Beloit City Council. Please also indicate if any of your agency's staff and/or board/committee members has served in the last year on the Beloit Community Development Authority and/or Beloit City Council.

*No current staff, board members, or committee members of NeighborWorks Blackhawk Region have ever served on the Beloit City Council or Beloit Community Development Authority.*

Attachment A

## NeighborWorks Blackhawk Region

Position: Deputy Director

Time Commitment: Full-Time, Salaried, Exempt

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### General Summary

This is a key staff position that has specific programmatic responsibilities and also serves as the “right-hand” person to the Executive Director.

### Essential Job Functions

1. Programmatic Compliance  
Work independently as well as with NWBR staff as necessary to see that all reports are completed accurately and on time. Including but not limited to: NFMC, NeighborWorks Quarterly Production Report, HUD 9902, HOME, and CDBG.
2. Lending Management
  - a. Schedule and complete loan applications; collect fees and complete verifications for loan applicants.
  - b. Prepare for and staff meetings of NWBR loan committee including agenda creation, presentation of loan applications and support documentation, reports & meeting minutes. See that all minutes/reports are ready for Board communications.
  - c. Implement policies and procedures approved by NWBR loan committee.
  - d. Meet all applicable requirements/regulations for lending activity by funding source.
  - e. Communicate with Executive Director and Accountant to ensure adequate funding by loan product.
  - f. Monitor delinquencies and work with Office Manager to provide collection services as required.
  - g. Keep status sheet of loans closed on company web current.
  - h. Act as agency representative in addressing outstanding accounts and when selling loans to secondary market.
  - i. Facilitate the provision of downpayment assistance.
3. Education and Counseling
  - a. Manage the NWBR Housing Counseling and Education Program
  - b. Oversee development of curriculum for classes.
  - c. Evaluate programs for efficacy, needs for improvement and impact.
  - d. Meet with clients to develop and implement steps to prevent foreclosure.
  - e. Counsel homeowners who are considering a reverse mortgage, including those in default
  - f. Use both electronic databases and hardcopy files to manage clients data, compliance information, and documents

- g. Oversee marketing of NWBR products and services to increase on-line and in-person program participation
- h. Conduct Outreach: Meet with individuals and groups to educate and inform about NWBR's mission and services and to develop innovative and productive business or program relationships.
- i. Create and foster relationships with housing professionals and local lenders for mutual cooperation.
- j. Establish new relationships with educational institutions, local funders, and employers.
- k. Provide leadership to regional providers of services related to housing counseling and education.

**General Job Functions**

- 1. Represent NWBR as a member of the Neighborworks Alliance of Wisconsin.
- 2. Assist Executive Director with development of annual organizational budget
- 3. Assist with grant writing, management of funds and reporting.
- 4. Work with Executive Director to set agency and Deputy Director annual goals.
- 5. Represent the organization at community events.
- 6. Assist Executive Director as needed.

**REQUIREMENTS**

**Training and Experience:** 3-5 years of lending experience is a must for this position.

**Knowledge, Skills, and Abilities Required:**

- Ability to set priorities
- Exceptional organizational skills
- Paying attention to details a must
- Excellent follow-through skills
- Flexibility
- Good writing skills
- Strong computer competencies with emphasis on Microsoft Office products
- Ability to handle multiple projects at one time

## Attachment B

### **Position Description NeighborWorks Blackhawk Region**

I. Identification

Title: Office Manager  
Reports to: Executive Director

II. Job Summary

This position is responsible for day-to-day program and administrative support.

III. Principal Duties and Responsibilities

1. Program Support

- a. Lending – Service NWBR loans, including initial setup in servicing software, payment entries, monthly delinquency report and delinquency letters, and satisfy paid-off loans. Distribute 1098s to customers at year-end. Perform HUD-approved Property Inspections and Lead Based Paint Visual Inspections on properties in downpayment assistance program. Assist program manager as needed.
- b. Real Estate – Oversee property maintenance (mowing and snow removal) and follow up with weekly property inspections when issues arise.
- c. Property & Asset Management – Assist program manager as needed, including overseeing Brittan House in manager’s absence, and putting out mail.
- d. Education / Counseling – Assist with programs and clients as necessary.

2. Administrative

- a. Accounts Payable – Disburse non-payroll payments semi-monthly, entering in MIP Fund Accounting software and following all agency guidelines regarding tracking, approval, accounting, etc. Issue 1099s at year-end.
- b. Cash Management – Document and deposit cash/checks from client payments, following agency cash management procedures. Maintain a secure environment for cash handling. Manage credit card purchases.
- c. IT – Oversee and troubleshoot issues related to NWBR workstations, phones, and office equipment.
- d. Audits – Ensure requirements for all audits are met for annual financial audit (and information necessary for 990), worker’s comp, and any other required audit.
- e. Reporting – Create customized financial reports for Executive Director and Deputy Director as needed.
- f. Office Building – Oversee maintenance of physical plant.
- g. Human Resources – Ensure that required documentation for employees is completed and on file. Approve timesheets for Accountant to process payroll. Assist executive director with health insurance management and other HR duties as required.
- h. Insurance – Manage all NWBR insurances, including liability, property, worker’s comp, D&O, and bonding, and oversee mortgage customer’s insurances.
- i. Web site – Maintain and update NHS web site.
- j. Supplies – Oversee acquisition of supplies for office and building.
- k. Executive Director – Assist E.D. with special projects and as needed.
- l. Other duties as assigned.

IV. Knowledge, Skills, Abilities

2-3 years of similar experience preferred

Computer proficiency (Microsoft Office Suite)

Effective communicator with employees, vendors, partners and visitors

Commitment to excellent customer service

Able to work effectively on their own and with a team

Discreet and trustworthy

Highly organized, efficient and can multitask

Flexibility and a willingness to take on new tasks and responsibilities as the position evolves

Self-starter with high attention to detail

V. Qualifications

Accounting experience

Microsoft Office proficiency

Administrative experience

ATTACHMENT C

Neighborhood Housing Services of Beloit, Inc.  
and Subsidiaries

Consolidated Financial Report

December 31, 2021

**NEIGHBORHOOD HOUSING SERVICES OF BELOIT, INC.  
AND SUBSIDIARIES**

C O N T E N T S

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
 Neighborhood Housing Services of Beloit, Inc.  
 and Subsidiaries  
 Beloit, Wisconsin

### Opinion

We have audited the accompanying financial statements of Neighborhood Housing Services of Beloit, Inc. and Subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Neighborhood Housing Services of Beloit, Inc. and Subsidiaries as of December 31, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Neighborhood Housing Services of Beloit, Inc. and Subsidiaries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Neighborhood Housing Services of Beloit, Inc. and Subsidiaries' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted 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 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 Neighborhood Housing Services of Beloit, Inc. and Subsidiaries' 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Neighborhood Housing Services of Beloit, Inc. and Subsidiaries' 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 planned 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 financial statements as a whole. The accompanying supplementary information, including the loan delinquency aging schedule, and NeighborWorks® America Capital Fund schedules are presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*SVA Certified Public Accountants, S.C.*

Madison, Wisconsin

June 27, 2022

**NEIGHBORHOOD HOUSING SERVICES OF BELOIT, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
December 31, 2021 and 2020

	2021	2020
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 303,012	\$ 286,300
Grants receivable	3,000	6,000
Accounts receivable	960	638
Loans receivable, net of allowance for uncollectible loans of \$4,000 and \$6,000 as of December 31, 2021 and 2020, respectively, current portion	2,380	5,450
Forgivable loans receivable, current portion	36,487	32,549
Prepaid expenses	13,353	15,909
Total current assets	359,192	346,846
<b>RESTRICTED CASH FOR BUILDING ASSETS (SEE NOTE E)</b>	390,951	291,712
<b>PROPERTY AND EQUIPMENT, NET</b>	319,576	323,906
<b>OTHER ASSETS</b>		
Loans receivable, less current portion	125,463	146,442
Forgivable loans receivable, less current portion	87,992	103,646
Land for sale or future development	50,300	42,900
Total other assets	263,755	292,988
<b>TOTAL ASSETS</b>	<b>\$ 1,333,474</b>	<b>\$ 1,255,452</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 3,884	\$ 2,369
Tax and insurance escrows	1,136	2,686
Accrued real estate taxes	19,546	18,000
Other accrued expenses	21,524	14,588
Contract liabilities	2,800	0
Total current liabilities	48,890	37,643
<b>NET ASSETS</b>		
Without donor restrictions	619,741	627,966
With donor restrictions	664,843	589,843
Total net assets	1,284,584	1,217,809
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,333,474</b>	<b>\$ 1,255,452</b>

The accompanying notes are an integral part of these consolidated financial statements.

**NEIGHBORHOOD HOUSING SERVICES OF BELOIT, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
Year ended December 31, 2021

	Without donor restrictions	With donor restrictions	Total
Changes in net assets:			
Support and other revenue:			
Grant revenue:			
NeighborWorks® America	\$ 202,076	\$ 75,000	\$ 277,076
Community Development Block Grant	15,000	0	15,000
Home Investment Partnerships (HOME - City of Beloit)	15,188	0	15,188
Private contributions	7,905	0	7,905
Rental income, net of vacancies	195,848	0	195,848
Sales			
Net realizable value adjustment - houses for sale and land for sale or future development	7,400	0	7,400
Consulting and management fees	14,877	0	14,877
Home buyer education fees	32,525	0	32,525
Class registration fees	15,442	0	15,442
Loan processing fees	1,020	0	1,020
Other fees	939	0	939
Interest	3,982	0	3,982
Miscellaneous revenue	1,502	0	1,502
Net assets released from restriction	0	0	0
<b>Total support and other revenue</b>	<b>513,704</b>	<b>75,000</b>	<b>588,704</b>
Expenses:			
Program services - Affordable Housing	411,756	0	411,756
Management and general	110,173	0	110,173
<b>Total expenses</b>	<b>521,929</b>	<b>0</b>	<b>521,929</b>
<b>Change in net assets</b>	<b>(8,225)</b>	<b>75,000</b>	<b>66,775</b>
<b>Net assets, beginning</b>	<b>627,966</b>	<b>589,843</b>	<b>1,217,809</b>
<b>Net assets, ending</b>	<b>\$ 619,741</b>	<b>\$ 664,843</b>	<b>\$ 1,284,584</b>

The accompanying notes are an integral part of these consolidated financial statements.

**NEIGHBORHOOD HOUSING SERVICES OF BELOIT, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**Year ended December 31, 2020**

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Changes in net assets:			
Support and other revenue:			
Grant revenue:			
NeighborWorks® America	\$ 238,522	\$ 75,000	\$ 313,522
Community Development Block Grant	35,000	0	35,000
Home Investment Partnerships (HOME - City of Beloit)	15,271	0	15,271
Private contributions	28,675	0	28,675
Rental income, net of vacancies	206,177	0	206,177
Sales			
Net realizable value adjustment - houses for sale and land for sale or future development	1,400	0	1,400
Consulting and management fees	16,166	0	16,166
Home buyer education fees	36,150	0	36,150
Class registration fees	20,169	0	20,169
Loan processing fees	1,425	0	1,425
Other fees	1,444	0	1,444
Interest	4,769	0	4,769
Miscellaneous revenue	3,268	0	3,268
Net assets released from restriction	0	0	0
Total support and other revenue	608,436	75,000	683,436
Expenses:			
Program services - Affordable Housing	414,240	0	414,240
Management and general	111,859	0	111,859
Total expenses	526,099	0	526,099
Change in net assets	82,337	75,000	157,337
Net assets, beginning	545,629	514,843	1,060,472
Net assets, ending	<u>\$ 627,966</u>	<u>\$ 589,843</u>	<u>\$ 1,217,809</u>

The accompanying notes are an integral part of these consolidated financial statements.

**NEIGHBORHOOD HOUSING SERVICES OF BELOIT, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
Year ended December 31, 2021

	Program services	Management and general	Total
Salaries	\$ 183,184	\$ 76,496	\$ 259,680
Employee benefits	25,722	4,957	30,679
Payroll taxes	14,035	5,892	19,927
Advertising, dues and subscriptions	888	177	1,065
Amortization of forgivable loans receivable	36,766	0	36,766
Bad debts	10,674	0	10,674
Conferences and training	602	2,314	2,916
Contracted services	6,498	1,899	8,397
Depreciation	20,382	3,588	23,970
Insurance	19,010	3,022	22,032
Interest	0	0	0
Legal	0	0	0
Loan processing	1,849	0	1,849
Miscellaneous	4,535	2,014	6,549
Postage	588	199	787
Professional fees	14,489	3,256	17,745
Program expenses	752	0	752
Real estate taxes	19,547	0	19,547
Repairs and maintenance	21,630	2,806	24,436
Supplies	1,220	1,283	2,503
Telephone	5,494	1,150	6,644
Utilities	23,891	1,120	25,011
Total expenses included in the expense section on the Statement of Activities	<u>\$ 411,756</u>	<u>\$ 110,173</u>	<u>\$ 521,929</u>

The accompanying notes are an integral part of these consolidated financial statements.

**NEIGHBORHOOD HOUSING SERVICES OF BELOIT, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
Year ended December 31, 2020

	Program services	Management and general	Total
Salaries	\$ 183,244	\$ 73,972	\$ 257,216
Employee benefits	25,375	5,858	31,233
Payroll taxes	14,169	5,715	19,884
Advertising, dues and subscriptions	667	99	766
Amortization of forgivable loans receivable	30,083	0	30,083
Bad debts	2,996	0	2,996
Conferences and training	650	1,051	1,701
Contracted services	4,650	2,170	6,820
Depreciation	19,512	3,080	22,592
Insurance	18,897	2,191	21,088
Interest	0	1,603	1,603
Legal	481	0	481
Loan processing	4,329	0	4,329
Miscellaneous	6,225	1,916	8,141
Postage	570	206	776
Professional fees	30,606	8,598	39,204
Program expenses	2,513	30	2,543
Real estate taxes	18,000	0	18,000
Repairs and maintenance	20,730	2,756	23,486
Supplies	889	361	1,250
Telephone	4,992	991	5,983
Utilities	24,662	1,262	25,924
Total expenses included in the expense section on the Statement of Activities	<u>\$ 414,240</u>	<u>\$ 111,859</u>	<u>\$ 526,099</u>

The accompanying notes are an integral part of these consolidated financial statements.



**NEIGHBORHOOD HOUSING SERVICES OF БЕЛОIT, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
Years ended December 31, 2021 and 2020

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 66,775	\$ 157,337
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	23,970	22,592
Amortization of forgivable loans receivable	36,766	30,083
Valuation adjustment - houses for sale and land for sale or future development	(7,400)	(1,400)
Increase (decrease) in cash due to changes in:		
Grants receivable	3,000	(5,256)
Accounts receivable	(322)	2,435
Prepaid expenses	2,556	(3,064)
Accounts payable	1,515	(1,512)
Tax and insurance escrows	(1,550)	(242)
Accrued real estate taxes	1,546	633
Other accrued expenses	6,936	(7,959)
Contract liabilities	2,800	(6,560)
	136,592	187,087
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(19,640)	(3,645)
New loans originated	(42,000)	(60,000)
Principal reductions on loans receivable	40,999	27,491
	(20,641)	(36,154)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments of line of credit	0	(90,000)
	115,951	60,933
Change in cash, cash equivalents, and restricted cash		
Cash, cash equivalents, and restricted cash:		
Beginning	578,012	517,079
Ending	\$ 693,963	\$ 578,012
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH TO BALANCE SHEET</b>		
Cash and cash equivalents	\$ 303,012	\$ 286,300
Restricted cash for building assets	390,951	291,712
Total cash, cash equivalents, and restricted cash	\$ 693,963	\$ 578,012

The accompanying notes are an integral part of these consolidated financial statements.

**NEIGHBORHOOD HOUSING SERVICES OF BELOIT, INC.  
AND SUBSIDIARIES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

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**NOTE A -- Nature of business and significant accounting policies**

**Nature of business**

Neighborhood Housing Services of Beloit, Inc. (NHS), dba NeighborWorks® Blackhawk Region, is a nonprofit organization working to build the Beloit, Wisconsin community through programs that support homeownership, residents, and community development. NHS provides high-quality housing, lending and educational opportunities and resources. NHS is part of the NeighborWorks® Network, a nationwide network of community development organizations that engage in revitalization strategies that strengthen communities and transform lives.

NHS generally limits the types of loans it offers to down payment assistance for first-time home buyers, home repair/improvement or rehab loans for home purchases made in tandem with loans by private lenders or loans or grants from public agencies.

In 2004, NHS established a wholly owned subsidiary, Brittan House, LLC (Brittan House). Brittan House and NHS are partners in the Beloit SRO Limited Partnership (Beloit SRO). NHS holds a .1% interest and Brittan House, the general partner, holds a 99.9% interest.

NHS and its subsidiaries are collectively referred to herein as "the organization."

Beloit SRO rents single room occupancy units to previously homeless individuals and is located in downtown Beloit.

Approximately 50% and 51% of the organization's revenue was received from two grantors for the years ended December 31, 2021 and 2020, respectively.

A summary of significant accounting policies follows:

**Basis of accounting**

The financial statements of the organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

**Basis of consolidation**

The financial statements include the accounts of NHS, Brittan House and Beloit SRO. All significant intercompany transactions have been eliminated in consolidation.

**Basis of presentation**

Under accounting principles generally accepted in the United States of America (U.S. GAAP), the organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions have been limited by donor-imposed time or purpose restrictions or are required to be maintained in perpetuity.

**NEIGHBORHOOD HOUSING SERVICES OF BELOIT, INC.  
AND SUBSIDIARIES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

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**NOTE A -- Nature of business and significant accounting policies (Continued)**

**Use of estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Exempt status**

NHS is exempt from federal income taxes under Internal Revenue Code (IRC) Section 501(c)(3) as a public charity and not a private foundation. NHS is also exempt from Wisconsin income tax. However, income from certain activities not directly related to NHS' tax-exempt purpose is subject to taxation as unrelated business income.

Brittan House and Beloit SRO are being operated in a manner consistent with treatment as disregarded entities for federal and state income tax purposes. Whereby activities of Brittan House and Beloit SRO are reported directly by NHS. As such, the assets, liabilities, and income are exempt from income taxes and are reported on the NHS informational return.

**Cash and cash equivalents**

For purposes of reporting cash flows, the organization considers all investments purchased with an original maturity of three months or less to be cash equivalents.

The organization maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on cash and cash equivalents.

**Accounts receivable**

The organization utilizes the direct write-off method of accounting for bad debts. The use of this method has no material effect on the financial statements. Accounts receivable are written off when management determines an account is uncollectible based on its history of past write-offs and collections and current credit conditions. Accounts receivable are not interest-bearing. A receivable is considered past due if payments have not been received by the organization after 30 days. The organization considers all receivables to be fully collectible; accordingly, no allowance for doubtful accounts has been established.

**NEIGHBORHOOD HOUSING SERVICES OF BELOIT, INC.  
AND SUBSIDIARIES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

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**NOTE A -- Nature of business and significant accounting policies (Continued)**

**Loans receivable and allowance for loan losses**

Loans are reported in the statements of financial position at the outstanding principal balance less charge-offs and the allowance for uncollectible loans. Loans are generally subordinate to other financial institutions. Loan interest income and loan processing fees are recognized as income when received and loan origination costs are recognized as expense when incurred. These accounting policies do not produce results which differ materially from the accrual basis. NHS classifies loans as past due if a payment is not received in accordance with the loan terms.

The allowance for uncollectible loans is based upon past loan loss experience, management's evaluation of the loans receivable considering current economic conditions and such other factors, which in management's best judgment, deserve current recognition in estimating loan losses. NHS does not use an internal asset classification system to evaluate its loan portfolio. The allowance for loan losses is that amount considered adequate to absorb probable losses in the portfolio based on management's evaluations of the size and current risk characteristics of the loan portfolio. Specific allowances for loan losses are established when appropriate for large, impaired loans on an individual basis. The specific allowance established for these loans is based on a thorough analysis of the most probable source of repayment, including the present value of the loan's expected future cash flow, the loan's estimated market value, or the estimated fair value of the underlying collateral. The qualitative factors associated with the allowance are subjective and require a high degree of management's judgment. Loans receivable are charged off to the allowance account when management has deemed them uncollectible.

**Forgivable loans receivable**

Assistance with down payments is available for qualified homeowners. Agreement terms for certain assistance causes NHS to record the assistance as an expense in the year in which the assistance is granted. Other agreement terms are such that the assistance is forgiven over periods ranging from five to ten years as long as the homeowner owns the property. If the property is sold, repayment of the unforgiven assistance is required. Forgiveness of such assistance is amortized on a straight-line basis over the terms specified in the agreements.

**Houses for sale and land for sale or future development**

Houses for sale and land for sale or future development are recorded at the lower of cost (purchase price plus improvements) or net realizable value. Interest has not been capitalized in connection with these properties. House sale proceeds are generally supplemented with specific grants.

**NEIGHBORHOOD HOUSING SERVICES OF BELOIT, INC.  
AND SUBSIDIARIES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

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**NOTE A -- Nature of business and significant accounting policies (Continued)**

**Property and equipment**

Property and equipment is stated at cost. Donated assets are recorded at their estimated fair value at the date of donation. Depreciation of property and equipment is computed on the straight-line method based upon the following estimated useful lives of the assets:

	Years
Buildings and improvements	5 - 40
Furniture and equipment	5 - 12

The organization's policy is to capitalize property and equipment with a unit cost of \$300 or greater and to expense any items with a unit cost below this threshold.

Maintenance and repairs of property and equipment are charged to operations, and major improvements are capitalized. Upon retirement, sale or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts, and any resulting gain or loss is included in operations.

**Impairment of long-lived assets**

The organization reviews long-lived assets for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

**Contract liabilities**

Contract liabilities represent homebuyer education and class registration fees for future years.

**Revenue recognition – contribution transactions**

The organization recognizes contributions and grants when cash, securities or other assets or an unconditional promise to give is received. Contributions and grants with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend on have been met. Support received is recorded as an increase in net assets with donor restrictions or net assets without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Income earned on net assets with donor restrictions is recorded as revenue without donor restrictions.

**NEIGHBORHOOD HOUSING SERVICES OF BELOIT, INC.  
AND SUBSIDIARIES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2021

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**NOTE A -- Nature of business and significant accounting policies (Continued)**

**Revenue recognition – rental income transactions**

All leases are classified as operating leases and rental income is recognized when earned. The credit risk is mitigated by assessing the prospective tenants' ability to pay prior to lease execution and charging rents on a sliding scale. Rents are subsidized by Housing Assistance Payments (HAP) received from the U.S. Department of Housing and Urban Development (HUD) pursuant to Section 8 of the United States Housing Act of 1937, as amended.

**Revenue recognition – contracts with customers**

Revenue from consulting and management fees

The organization is a provider of administrative and property management services to Brittan House on behalf of Wisconsin Housing and Economic Development Authority (WHEDA) and HUD. Revenue is recognized over time as the services are performed on a monthly basis depending on the number of units occupied. Payment is due at the end of the month.

Revenue from sale of land and houses

The organization rehabs and sells properties. Revenue from the sales is recognized when the buyer receives and pays for the property (point in time).

Revenue from homebuyer education and class registration fees

The organization is a provider of classes to first time homeowners. Revenue is recognized when the customers sign up for the classes (point in time) instead of when the class is complete. The use of this method has no material effect on the financial statements. Customers are required to pay for the classes when they sign up.

**Advertising costs**

Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2021 and 2020 was \$659 and \$150, respectively.

**Expense allocation**

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries and related expenses are allocated based on time spent in the previous month. Other expenses are either direct program or management and general costs or are allocated based on time spent by organization personnel.

**Current vulnerability due to certain concentrations**

The operations of Beloit SRO are concentrated in the low-income housing residential real estate market. The operations of the organization are subject to administrative directives, rules and regulations of federal, state and local regulatory agencies including, but not limited to HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little or inadequate funding to pay for the related cost, including additional administrative burden to comply with a change.

**NEIGHBORHOOD HOUSING SERVICES OF BELOIT, INC.  
AND SUBSIDIARIES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2021

**NOTE A -- Nature of business and significant accounting policies (Continued)**

**Subsequent events**

These financial statements have not been updated for subsequent events occurring after June 27, 2022, which is the date these financial statements were available to be issued. The organization has no responsibility to update these financial statements for events and circumstances occurring after this date.

**NOTE B -- Loans receivable**

A summary of loans receivable by type, all of which relate to real estate, as of December 31, respectively, are as follows:

	<u>2021</u>	<u>2020</u>
NHS Program	\$ 67,964	\$ 60,999
CDBG - Homeowners	9,000	14,460
NeighborWorks® America	<u>54,879</u>	<u>82,433</u>
	131,843	157,892
Less allowance for uncollectible loans	<u>(4,000)</u>	<u>(6,000)</u>
	<u>\$ 127,843</u>	<u>\$ 151,892</u>

An analysis of the age of the recorded investment in loans by class of financing receivable, as of December 31, 2021, is as follows:

	<u>Current and 1-29 days delinquent</u>	<u>30-60 days delinquent</u>	<u>61-90 days delinquent</u>	<u>Greater than 90 days</u>	<u>Total</u>
Real estate \$	131,843	\$ 0	\$ 0	\$ 0	\$ 131,843

NHS considers a loan to be impaired when, based on current information and events, NHS determines that it will not be able to collect all amounts due according to the loan contract, including scheduled interest payments. When NHS identifies a loan as impaired, it measures the impairment based on the present value of expected future cash flows, discounted at the loan's effective interest rate, except when the sole (remaining) source of repayment for the loan is the operation or liquidation of the collateral. In these cases, NHS uses the current fair value of the collateral, less priority debt and selling costs. If NHS determines that the value of the impaired loan is less than the recorded investment in the loan (net of previous charge-offs), it recognizes impairment through a loan loss provision or a charge-off to the allowance. There were no impaired loans as of December 31, 2021 and 2020.

**NEIGHBORHOOD HOUSING SERVICES OF BELOIT, INC.  
AND SUBSIDIARIES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2021

**NOTE B -- Loans receivable (Continued)**

In certain cases of hardship, management may agree to suspend scheduled payments for a period of time under a forbearance program. None of the allowance for uncollectible loans is specifically associated with loans in forbearance. Some loans are written with terms that do not require payment to commence until certain events occur - i.e., "time deferred." Loans are considered deferred indefinitely if they are not repayable until the home is sold, or the tenant moves from the property.

Maturities of receivables for each of the next five years and thereafter are as follows:

	<u>Repayable</u>	<u>Forbearance</u>	<u>Time deferred</u>	<u>Deferred indefinitely</u>	<u>Total</u>
2022	\$ 6,200	\$ 0	\$ 0	\$ 0	\$ 6,200
2023	5,617	0	0	0	5,617
2024	5,757	0	0	0	5,757
2025	5,399	0	0	0	5,399
2026	5,356	0	0	0	5,356
Thereafter	<u>49,046</u>	<u>0</u>	<u>0</u>	<u>54,468</u>	<u>103,514</u>
Total	<u>\$ 77,375</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 54,468</u>	<u>\$ 131,843</u>

**NOTE C -- Property and equipment, net**

Property and equipment, net is comprised of the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 22,752	\$ 22,752
Buildings and improvements	559,997	542,315
Furniture and equipment	<u>78,162</u>	<u>76,204</u>
	660,911	641,271
Less accumulated depreciation	<u>341,335</u>	<u>317,365</u>
	<u>\$ 319,576</u>	<u>\$ 323,906</u>

Property and equipment with a cost as of December 31, 2021 and 2020, used for residential rental purposes totaled approximately \$351,955 and \$346,255, respectively. The carrying value of such property as of December 31, 2021 and 2020 was approximately \$137,487 and \$145,681, respectively.



**NEIGHBORHOOD HOUSING SERVICES OF BELOIT, INC.  
AND SUBSIDIARIES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

**NOTE D -- Line of credit**

Effective June 6, 2020, the organization entered into an agreement with Blackhawk Bank for a \$100,000 line of credit. The interest rate on the line of credit is equal to the greater of the prime rate (3.25% as of December 31, 2021) plus 1.60%, or 4.85%. There have been no draws on the line of credit during the years ended December 31, 2021 and 2020. This line of credit is secured by a mortgage on the organization's office building and certain houses the organization currently owns. The maturity date is June 6, 2022. The line of credit is renewed with the same terms and a maturity date of June 6, 2024.

**NOTE E -- Net assets with donor restrictions**

Net assets with donor restrictions consist of grant funds from NeighborWorks® America (NWA) that are to be used for building assets for the NeighborWorks® organization and the community in which the organization operates. The donor-imposed restriction stipulates that resources be maintained in perpetuity for the specified purposes. From time-to-time NHS may receive approval from NWA to reduce the Capital Fund's restricted balance. There were no reductions during the years ended December 31, 2021 and 2020. The organization is permitted to transfer or expend only the income or other economic benefits derived from capital assets in excess of corpus. Should NHS become defunct, all remaining grant funds, interest earnings, capital project proceeds, and the loan and capital projects portfolios representing the use of these funds will revert to NWA.

The net assets with donor restrictions are allocated to the following funds as of December 31:

	<u>2021</u>	<u>2020</u>
NeighborWorks® America:		
Capital Fund	\$ 443,005	\$ 368,005
Building Fund	<u>221,838</u>	<u>221,838</u>
	<u>\$ 664,843</u>	<u>\$ 589,843</u>

On April 12, 2022, NHS received approval from NWA to reduce the Capital Fund's restricted balance by \$414,843 and removing all restrictions from these funds.

**NOTE F -- Contract balances**

Accounts receivable and contract balances from contracts with customers as of December 31, consisted of the following:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Accounts receivable (consulting and management fees)	<u>\$ 0</u>	<u>\$ 2,100</u>	<u>\$ 2,840</u>
Contract liabilities	<u>\$ 2,800</u>	<u>\$ 0</u>	<u>\$ 6,560</u>

**NEIGHBORHOOD HOUSING SERVICES OF BELOIT, INC.  
AND SUBSIDIARIES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2021

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**NOTE G -- Commitments and contingencies**

**Retirement plan**

NHS has adopted a SIMPLE retirement plan whereby employees may make voluntary contributions. The plan allows NHS to provide an employer match dollar for dollar of employee contribution with a maximum of 3% of salary annually. NHS' matching contributions for the years ended December 31, 2021 and 2020, respectively, totaled \$7,096 and \$6,616.

**HAP**

In 2013, Beloit SRO entered into a HAP Contract with HUD whereby HUD agrees to make HAP to Beloit SRO. HAP are subsidies provided to eligible tenants by HUD to enable such tenants to live in safe, adequate housing facilities they could not otherwise afford. The HAP contracts provide for a maximum annual commitment based upon contract units occupied by eligible individuals in accordance with HUD regulations and requirements. The contract prohibits rent increases without HUD approval. Additional payments may be made depending on funds available to HUD. Rental revenue under the HAP contracts represents approximately 72% and 74% of net rental income for the years ended December 31, 2021 and 2020, respectively. The HAP contract was renewed through January 31, 2023. Beloit SRO is obligated to recertify tenant eligibility and the amount of the HAP on an annual basis. The project must reimburse HUD for HAP received on behalf of tenants who exceed certain income or asset limitations defined in the HAP contract.

**Land Use Restriction Agreement (LURA)**

Beloit SRO has entered into a LURA with the Wisconsin Housing and Economic Development Authority as a condition to receiving an allocation of low-income housing tax credits. Under this agreement, Beloit SRO must continuously comply with IRC Section 42 and other applicable sections of the IRC. The agreement places occupancy restrictions on rents and the minimum percent of units which shall be occupied by individuals or families whose income meets the requirements set under IRC Section 42. If Beloit SRO fails to comply with this agreement or with the IRC, the partners may be required to recapture a portion of the tax credits previously claimed on their income tax returns. Beloit SRO is obligated to certify tenant eligibility.

**NEIGHBORHOOD HOUSING SERVICES OF BELOIT, INC.  
AND SUBSIDIARIES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

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**NOTE H -- Availability of financial assets and liquidity**

The organization receives grants and contributions with donor restrictions to be used in accordance with the associated use or time restrictions. When a donor's restriction requires resources to be used in a particular manner or in a future period, the organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the organization's liquidity management, a policy is in place to allow for financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the organization could draw upon \$100,000 of the available line of credit (as further discussed in Note D).

The following reflects the organization's financial assets reduced by amounts not available for general use due to donor-imposed restrictions or internal designations, within one year of the statement of financial position date:

	<u>2021</u>	<u>2020</u>
Financial assets as of December 31,	\$ 825,941	\$ 736,543
Less those unavailable for general expenditures within one year due to:		
Cash and receivables with donor-imposed restrictions	<u>(573,550)</u>	<u>(501,802)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 252,391</u>	<u>\$ 234,741</u>

## SUPPLEMENTARY INFORMATION

**NEIGHBORHOOD HOUSING SERVICES OF BELOIT, INC. AND SUBSIDIARIES**

LOAN DELINQUENCY AGING SCHEDULE

December 31, 2021

	Current and 1- 29 days delinquent	30-60 days delinquent	61-90 days delinquent	Greater than 90 days delinquent	Total
CDBG - Homeowners	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 9,000
NeighborWorks® America	54,879	0	0	0	54,879
NHS Program	67,964	0	0	0	67,964
	<u>\$ 131,843</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>131,843</u>
Less allowance for uncollectible accounts					<u>(4,000)</u>
					<u>\$ 127,843</u>

**NEIGHBORHOOD HOUSING SERVICES OF BELOIT, INC. AND SUBSIDIARIES**  
**SCHEDULE OF FINANCIAL POSITION -**  
**NEIGHBORWORKS® AMERICA CAPITAL FUND**  
December 31, 2021

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**ASSETS**

Cash and cash equivalents	\$ 391,126
Accounts receivable	175
Loans receivable, net of allowance for uncollectible loans of \$3,000	<u>51,879</u>

**TOTAL ASSETS****\$ 443,180****LIABILITIES AND NET ASSETS****LIABILITIES****\$ 0****NET ASSETS WITH DONOR RESTRICTIONS**443,005**TOTAL LIABILITIES AND NET ASSETS****\$ 443,005**

**NEIGHBORHOOD HOUSING SERVICES OF БЕЛОIT, INC. AND SUBSIDIARIES**  
**SCHEDULE OF ACTIVITIES**  
**NEIGHBORWORKS® AMERICA CAPITAL FUND**  
Year ended December 31, 2021

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**REVENUES, GAINS, AND OTHER SUPPORT:**

Grants	\$ 75,000
Interest on loans and bank accounts	1,087
Miscellaneous	389
	76,476

**EXPENSES AND TRANSFERS:**

Bad debt	6,475
Interfund transfers	(4,999)
	1,476

Change in net assets with donor restrictions	75,000
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Net assets with donor restrictions at beginning of year	368,005
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Net assets with donor restrictions at end of year	\$ 443,005
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The above data is included in the consolidated financial statements of NHS. The Capital Fund Agreement with NeighborWorks® America (\$664,843) includes the \$443,005 above and includes amount in the Building Fund (\$221,838). As summarized below:

Capital Fund	\$ 443,005
Building Fund	
Property and equipment - investment in office building	91,294
Cash	130,544
	\$ 664,843

June 27, 2022

Board of Directors  
 Neighborhood Housing Services of Beloit, Inc. and Subsidiaries  
 520 W. Grand Avenue  
 Beloit, WI 53511

This letter includes a summary of our comments and suggestions with respect to financial, administrative, and other matters that came to our attention during the course of our audit engagement. These matters are offered as constructive suggestions for the consideration of management as part of the ongoing process of improving accounting controls and other financial practices and procedures. This letter also includes a brief summary of our responsibilities regarding considerations of fraud and internal control in the performance of our audit engagement. In addition, this letter summarizes certain matters required to be communicated to you under professional standards in your oversight responsibilities for the entity's financial reporting process.

Financial information presented in this letter was derived from the entity's financial statements which were audited by us, and such financial information should be read in conjunction with those financial statements and our report thereon.

## **RECOMMENDATIONS AND SUGGESTIONS**

### New Accounting Standard - Lease Accounting

In 2016, the FASB issued a new accounting standard titled "Leases" which will be effective for fiscal years beginning after December 15, 2021. This new standard will impact entities that hold equipment and real estate leases, particularly those classified as operating leases under current standards. As a result, entities that have operating leases with a term greater than one year will need to record lease-related assets and liabilities on the statement of financial position. In addition, the new standard includes a number of specific qualitative and quantitative disclosure requirements about leases that will enable users of the financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

We recommend you take the following steps to prepare for the transition to the new standard:

- Become familiar with the new guidance.
- Review your contracts and identify those that contain a lease. A lease is one that conveys the right to control the use of an identified tangible asset for a period of time in exchange for consideration. Be aware that some contracts may contain embedded leases that fall within the scope of this standard.

#### **Madison, WI**

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 Madison, WI 53717

Phone: (608) 831-8181  
 Fax: (608) 831-4243

#### **Brookfield, WI**

18650 W. Corporate Drive  
 Suite 200  
 Brookfield, WI 53045

Phone: (262) 641-6888  
 Fax: (262) 641-6880

#### **Colorado Springs, CO**

P.O. Box 62786  
 Colorado Springs, CO 80962

Phone: (719) 413-5551

#### **Contact Us:**

Email: [info@SVAaccountants.com](mailto:info@SVAaccountants.com)  
 Web: [SVAaccountants.com](http://SVAaccountants.com)



Neighborhood Housing Services of Beloit, Inc.

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June 27, 2022

- Ensure you have adequate controls in place over the identification and recognition of leases.
- Evaluate your leasing arrangements and prepare calculations needed to record necessary journal entries upon transition and going forward.
- Consider the impact on debt covenants or other financial statement requirements and have those discussions with your lenders or other key users of the financial statements.
- Consider the impact on financial reporting processes.
- Assess the available practical expedients allowed upon implementation and determine which ones to elect.
- Select the transition method (apply at adoption – cumulative catch-up method or at the earliest comparative period presented in the financial statements).
- Identify significant judgments you are making in applying the requirements of the new standard which will require disclosure.

We recommend you consult with us on implementation issues as we can provide you with various tools and guidance on the new requirements.

#### **REQUIRED COMMUNICATIONS**

Professional standards require that we provide you with certain information related to our audit. These Required Communications are attached to this letter.

#### **CONSIDERATION OF INTERNAL CONTROL AND FRAUD**

##### Fraud Considerations

As described in our engagement letter, we planned and performed our audit to obtain reasonable assurance about whether the financial statements were free of material misstatements, whether from errors, fraudulent reporting, misappropriation of assets, or violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. An audit is not designed to provide absolute assurance, and because we do not perform a detailed testing of all transactions, there is a risk that material misstatements may exist and not be detected by us. An audit is also not designed to detect immaterial misstatements or violations of laws or regulations that do not have a direct and material effect on the financial statements.

Neighborhood Housing Services of Beloit, Inc.  
Page 3  
June 27, 2022

### Internal Control Considerations

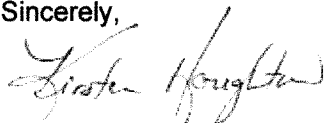
As described in our engagement letter, our audit included obtaining an understanding of internal control sufficient to plan the audit and to determine the nature, timing, and extent of audit procedures to be performed. An audit is not designed to provide assurance on internal control or identify deficiencies in internal control, that is, significant deficiencies in the design or operation of internal control. However, we would communicate to you internal control matters that are required to be communicated under professional standards. Our findings are presented in the Internal Control Communication attached to this letter.

### **CONCLUSION**

We would like to thank you and your employees, for the assistance provided to us in the performance of our engagement. We hope we have provided you with valuable information during the course of our engagement. We have already discussed many of these recommendations and suggestions with various entity personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any other additional study of these matters, or to assist you in implementing the recommendations.

This information is intended solely for the information and use of management, the Board of Directors, and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,



**Kirsten Houghton, CPA, MBA**

*Principal*

608-826-2046 | [houghtonk@sva.com](mailto:houghtonk@sva.com)

Encl.

## REQUIRED COMMUNICATIONS

We have audited the financial statements of Neighborhood Housing Services of Beloit, Inc. for the year ended December 31, 2021, and have issued our report thereon dated June 27, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 12, 2022. Professional standards also require that we communicate to you the following information related to our audit.

### SIGNIFICANT AUDIT MATTERS

#### Qualitative Aspects of Accounting Practices

##### *Accounting Policies*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Neighborhood Housing Services of Beloit, Inc. are described in Note A to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during fiscal year 2021. We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

##### *Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the useful lives of depreciable assets and the related depreciation methods as described in Note A, are based on historical factors and industry practice. We evaluated the key factors and assumptions used to develop the estimated useful lives and related depreciation methods in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the allowance for uncollectible loans, which is based on historical factors, economic factors, and management's review of outstanding loan balances. We evaluated the key factors and assumptions used to develop the allowance for uncollectible loans in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the allocation of indirect cost between program services and management and general expenses is based on the same allocation methodology used to allocate direct salary expenses which is based on monthly time studies. We evaluated the key factors and assumptions used to develop the allocation methodology in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net realizable value of land and houses held for sale, which is based on the fair value indicated on the real estate tax bills or listings of comparable properties within the area, less estimated selling costs. We evaluated the key factors and assumptions used to develop the net realizable value of land and houses held for sale in determining that it is reasonable in relation to the financial statements taken as a whole.

#### *Financial Statement Disclosures*

The financial statement disclosures are neutral, consistent, and clear.

#### Significant Unusual Transactions

There were no significant unusual transactions identified during the course of our audit.

#### Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### Management Representations

We have requested certain representations from management that are included in the management representation letters dated June 27, 2022. A copy of this signed representation letter is attached.

#### Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

## **CORRECTED AND UNCORRECTED MISSTATEMENTS**

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

Management has determined that the effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Following is a summary of uncorrected misstatements noted during our audit:

- The organization has not recognized a capital lease for the copier and has not included the required disclosures associated with the lease commitment, such as future minimum lease payments. The effects of recognizing the capital lease would increase property and equipment, net by \$8,134, increase liability under capital lease by \$8,272, decrease beginning net assets by \$281, increase depreciation expense by \$2,040, increase interest expense by \$36, and decrease repairs and maintenance expense by \$2,219. The adjustment would result in a current year decrease in net assets of \$143. The lease requires monthly payments of \$143 over the 63 month term of the lease that began in December 2021.

The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

There were no misstatements detected as a result of audit procedures.

## **SUPPLEMENTARY INFORMATION ACCOMPANYING THE FINANCIAL STATEMENTS**

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles; the method of preparing it has not changed from the prior period; and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

## INTERNAL CONTROL COMMUNICATION

In planning and performing our audit of the financial statements of Neighborhood Housing Services of Beloit, Inc. as of and for the year ended December 31, 2021 in accordance with auditing standards generally accepted in the United States of America, we considered the entity's internal control over financial reporting (internal control) as a basis for designing auditing 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 the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity'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.

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. 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.

This communication is intended solely for the information and use of management, Board of Directors, and others within the entity, and is not intended to be, and should not be, used by anyone other than these specified parties.

**SIGNED MANAGEMENT REPRESENTATION LETTER**

SVA Certified Public Accountants, S.C.  
P.O. Box 44966  
Madison, WI 53744-4966

Dear Sir or Madam:

This representation letter is provided in connection with your audits of the financial statements of Neighborhood Housing Services of Beloit, Inc. which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audits:

#### **Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 11, 2022, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable. In that regard, the measurement process used in determining accounting estimates is appropriate and consistent; and the assumptions used appropriately reflect our intent and ability to carry out specific courses of action; the disclosures related to accounting estimates are complete and appropriate.
6. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.



7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
8. The effects of uncorrected misstatements summarized below are immaterial, both individually and in the aggregate, to the financial statements as a whole.
  - The organization has not recognized a capital lease for the copier and has not included the required disclosures associated with the lease commitment, such as future minimum lease payments. The effects of recognizing the capital lease would increase property and equipment, net by \$8,134, increase liability under capital lease by \$8,272, decrease beginning net assets by \$281, increase depreciation expense by \$2,040, increase interest expense by \$36, and decrease repairs and maintenance expense by \$2,219. The adjustment would result in a current year decrease in net assets of \$143. The lease requires monthly payments of \$143 over the 63 month term of the lease that began in December 2021.
9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
10. Significant estimates and material concentrations have been properly disclosed in accordance with U.S. GAAP. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
11. Guarantees, whether written or oral, under which the entity is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.
12. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, lines of credit or similar arrangements have been properly disclosed.
13. Amounts of contractual obligations for construction and/or purchase of real property, equipment, other assets, and intangibles have been properly disclosed.
14. Receivables recorded in the financial statements represent valid claims against debtors for sales, promises to give, or other charges arising on or before the statement of financial position dates.
15. All liabilities which are subordinated to any other actual or possible liabilities of Neighborhood Housing Services of Beloit, Inc. have been properly disclosed.
16. All leases and material amounts of rental obligations under long-term leases have been properly disclosed.

17. Neighborhood Housing Services of Beloit, Inc. has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
18. Revenue from contracts with customers has been appropriately accounted for and disclosed in accordance with FASB ASC 606, *Revenue from Contracts with Customers*. All contracts underlying revenue recognized in the financial statements have commercial substance and have been approved by appropriate parties. We have considered side agreements, implied promises, and unstated customary business practices in identifying performance obligations in the contracts. We have sufficient and appropriate documentation supporting all estimates and judgments underlying the amount and timing of revenue recognized in the financial statements.

#### **Information Provided**

19. We have provided you with:
  - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters. Among other things, relevant information may include completeness and availability of all minutes of the meetings of the governing board and related committees, or summaries of actions of recent meetings for which minutes have not yet been prepared as well as communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
  - b. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  - d. Minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.
20. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
21. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
22. We have no knowledge of any fraud or suspected fraud that affects Neighborhood Housing Services of Beloit, Inc. and involves:
  - a. Management
  - b. Employees who have significant roles in internal control, or

- c. Others where the fraud could have a material effect on the financial statements.
23. We have no knowledge of any allegations of fraud or suspected fraud affecting Neighborhood Housing Services of Beloit, Inc.'s financial statements communicated by employees, former employees, grantors, regulators, or others.
  24. We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
  25. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
  26. We have disclosed to you the names of all of the entity's related parties and all the related party relationships and transactions, including any side agreements.
  27. Except as made known to you and disclosed in the notes to the financial statements, the entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
  28. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.
  29. Neighborhood Housing Services of Beloit, Inc. is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.
  30. Brittan House, LLC and Beloit SRO Limited Partnership are being operated in a manner consistent with treatment as disregarded entities for federal and state income tax purposes. Whereby activities of Brittan House, LLC and Beloit SRO Limited Partnership are reported directly by Neighborhood Housing Services of Beloit, Inc. As such the assets, liabilities, and income are exempt from income taxes and are reported on the Neighborhood Housing Services of Beloit, Inc. informational return.
  31. Expenditures of federal awards were below the \$750,000 threshold during the year ended December 31, 2021, and we were not required to have an audit in accordance with the Uniform Guidance.

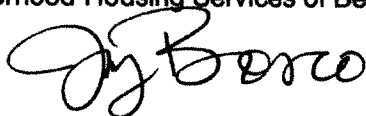
SVA Certified Public Accountants, S.C.  
Page 5

32. We have fully disclosed to you all terms of contracts with customers that affect the amount and timing of revenue recognized in the financial statements, including delivery terms, rights of return or price adjustments, side agreements, implicit provisions, unstated customary business practices, and all warranty provisions.
33. We acknowledge our responsibility for presenting the supplementary information in accordance with U.S. GAAP, and we believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
34. In regard to the following services performed by you: assist with preparation of the financial statements and related notes; and information return preparation; we have—
  - a. Assumed all management responsibilities.
  - b. Designated an individual (within senior management) with suitable skill, knowledge, or experience to oversee the services.
  - c. Evaluated the adequacy and results of the services performed.
  - d. Accepted responsibility for the results of the services.
  - e. Ensured that the entity's data and records are complete and received sufficient information to oversee the services.

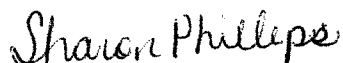
The above representations related to your audits are made to you as of June 27, 2022, the date of your audit report.

Sincerely,

Neighborhood Housing Services of Beloit, Inc.



Joy Bosco  
Executive Director



Sharon Phillips  
Treasurer

# REPORTS AND PRESENTATIONS TO COMMUNITY DEVELOPMENT AUTHORITY



<b>Agenda Number:</b>	5a		
<b>Topic:</b>	Consideration of Resolution 2023-04 Recommending Approval of the American Rescue Plan Act (ARPA) Funding Allocation		
<b>Date:</b>	April 26, 2023		
<b>Presenter:</b>	Teri Downing	<b>Division:</b>	Community and Housing Services

## Overview/Background Information

Beloit City Council allocated a total of \$4,100,000 of American Rescue Plan Act (ARPA) funding to support four (4) grant programs available to Beloit non-profit agencies. The overall intent of these funding opportunities is to meet community needs and address the ARPA funding priority to “build a strong, resilient, and equitable recovery by making investments that support long-term growth and opportunity” (U.S. Department of Treasury website).

### Application Process

A total of seven (7) ARPA Program Application Information Sessions were held to provide opportunities for agencies interested in applying for ARPA funds to learn more about the intent of each program, review the federal requirements for reporting and documentation associated with the funds, and ask any questions prior to submitting an application. Virtual sessions were held on February 14, 2023, February 28, 2023, March 7, 2023, March 14, 2023 and March 21, 2023. In-person information sessions were also held at Beloit Public Library on February 21, 2023 and February 28, 2023. All agencies that ultimately applied for ARPA funding had a representative of their organization attend at least one (1) of the information sessions offered. Applications for the four (4) ARPA grant programs identified below were released on March 7, 2023 with a deadline of March 28, 2023.

### Applications Received

A total of sixteen (16) applications were received for ARPA funding as reflected in the table below. No applications were received under the Homeless Liaison Positions category.

Funding Opportunity	Total Funding Allocated	Number of Applications Received	Total Request Amount Received
Homeless Liaison Positions	\$350,000	0	\$0
Homelessness Prevention and Response Public Services	\$950,000	7	\$963,120
Non-Profit Building and Facility Improvements	\$800,000	8	\$3,175,148
Transitional Living Facility	\$2,000,000	1	\$2,000,000

### Scoring and Evaluation Process

Scoring rubrics for each subgrant program were reviewed by City Council during a February 13, 2023 workshop, and were posted on the City’s website on February 16, 2023. This allowed all applicants to review the scoring criteria in advance of the applications being released on March 7, 2023. Applications were scored by City Councilors, CDA members, and City staff. The overall average score for CDA and Councilors for each application is included on the attached spreadsheet.

## Key Issues

1. The attached spreadsheet provides staff recommended funding allocations based on the Council and CDA application scores. Applications were scored by City Councilors, CDA members and City staff according to the pre-published Scoring Rubric for each program.

2. Homelessness Prevention and Response Services Grant Program: The total funding amount requested by applicants under the Homelessness Prevention and Response Public Services funding category was \$963,120 with the total funding for the program being \$950,000 (98.63% of total requested amount). Therefore, staff recommends awarding all applicants under this category at 98.63% of their original request, as included in Attachment A of the proposed resolution.
3. Non-Profit Building and Facility Improvements: Based on the high competitiveness of this funding category, staff recommends funding the four (4) highest scoring projects of Family Promise of Greater Beloit, Hilltop Community Center, Beloit Historical Society and New Zion Baptist Food Pantry. Staff recommends providing \$200,000 to each of the four (4) agencies as reflected in Attachment A of the proposed resolution.
4. Transitional Living Facility: Since only one application was received under the Transitional Living Facility category, and that the project is eligible and meets the goals established by City Council for the funding opportunity, staff recommends awarding the full \$2,000,000 to the Family Services Next Steps Facility project.

#### Conformance with Strategic Plan

Approval of this agreement would conform with the stated purpose of the following strategic goal:

- Goal #1 - Create and Sustain Safe and Healthy Neighborhoods
- Goal #2 - Create and Sustain a High Performing Organization
- Goal #3 - Create and Sustain Economic and Residential Growth
- Goal #4 - Create and Sustain a High Quality of Life
- Goal #5 - Create and Sustain High Quality Infrastructure and Connectivity
- Goal #6 - Create and Sustain a Positive Image, Enhance Communications and Engage the Community

#### Sustainability

If applicable, briefly comment on the environmental, economic, and/or social sustainability of this policy or program. Consider how current needs are met without compromising the ability of future generations to meet their own needs. Write N/A if not applicable

This request complies with Social Sustainability by allowing the City Council to fund activities that are in the best interest of the health and well-being of our residents. Application evaluation and scoring based on the rubric adopted by City Council will help the City direct these resources to most effectively meet the needs of the community and invest in programs that promote healthy lifestyles or prevent negative health outcomes.

#### Action Required/Recommendation

Staff recommends approval of the attached resolution based on application scoring completed by City Council, CDA and City staff.

#### Fiscal Note/Budget Impact

Funding for all programs will come from American Rescue Plan Act (ARPA) funds received by the City of Beloit.

#### Attachments

Resolution 2023-04 Recommending Approval of the American Rescue Plan Act (ARPA) Subgrant Funding Allocation, ARPA Budget Recommendation, Application Summary Sheet with Scores.

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COMMUNITY DEVELOPMENT AUTHORITY

**RESOLUTION 2023-04  
RECOMMENDING APPROVAL OF THE AMERICAN RESCUE PLAN ACT (ARPA)  
FUNDING ALLOCATION**

**WHEREAS**, the Beloit City Council allocated American Rescue Plan Act (ARPA) funding for the purpose of providing grant opportunities for Beloit non-profit agencies, and

**WHEREAS**, the Beloit City Council competitively solicited applications through Notice of Funding Opportunities and Requests for Proposals, and

**WHEREAS**, Scoring Rubrics were created for evaluation of applications under each grant program, and scoring rubrics were made available to all applicants prior to application submission;

**WHEREAS**, all applications were evaluated using these Scoring Rubrics by Beloit City Councilors, Community Development Authority members, and City staff to determine an overall application score, and

**WHEREAS**, the highest scoring projects relative to the total amount requested by all applicants and amount of funding available have been recommended for funding in Attachment A, and

**WHEREAS**, all recommended projects are eligible ARPA activities.

**NOW THEREFORE BE IT RESOLVED**, that the Community Development Authority recommends approval of the ARPA Funding Allocation in Attachment A.

Adopted this 26th day of April, 2023

**Community Development Authority**

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Philip A. Gorman, Chairman

ATTEST:

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Julie Christensen, Executive Director

# Attachment A - Resolution 2023-04

## American Rescue Plan Act (ARPA) Budget Recommendation

### Allocations

Homelessness Prevention and Response Services		Staff Recommendation	CDA Recommendation (4-26-2023)
1	Family Promise of Greater Beloit -- Eviction Prevention and Emergency Shelter	\$ 147,956	
2	Project 16:49 -- Robin House TLP	\$ 136,238	
3	Family Services of S. WI & N. IL, Inc. Youth2Youth 4 Change -- Community Comfort Closet	\$ 147,956	
4	Beloit Meals on Wheels -- Home Delivered Meals for Seniors	\$ 147,956	
5	Legal Action of WI, Inc. -- Community Lawyer Project	\$ 147,956	
6	Family Services of S. WI & N. IL, Inc. -- Neighborhood Resilience Project	\$ 147,956	
7	Retired & Senior Volunteer Program -- Beloit Retired Seniors	\$ 73,982	
<b>Total Homelessness Prevention and Response Services</b>		<b>\$ 950,000</b>	

Non-Profit Building and Facility Improvements		Staff Recommendation	CDA Recommendation (4-26-2023)
1	Family Promise of Greater Beloit -- 1006 Bluff St	\$ 200,000	
2	Hilltop Community Center -- 1851 Moore St	\$ 200,000	
3	Beloit Historical Society -- 845 Hackett St	\$ 200,000	
4	New Zion Baptist Food Pantry -- 1905 Mound Ave	\$ 200,000	
5	New Life Ministries -- 1400 Harvey St	\$ -	
6	Beloit Convention & Visitors' Bureau, Inc. -- 656 Pleasant St	\$ -	
7	Emmanuel Baptist Church -- 1201 Athletic Ave	\$ -	
8	W.B. Kennedy Lodge No. 3 -- 2034 Liberty Ave	\$ -	
<b>Total Non-Profit Building and Facility Improvements</b>		<b>\$ 800,000.00</b>	

Transitional Living Facility		Staff Recommendation	CDA Recommendation (4-26-2023)
1	Family Services of S. WI & N. IL, Inc. -- Next Steps Facility	\$ 2,000,000	
<b>Total Transitional Living Facility</b>		<b>\$ 2,000,000</b>	



# Attachment B - Resolution 2023-04

## ARPA Program Application with Scores

HOMELESSNESS PREVENTION/RESPONSE SERVICES					
Agency	Program	Average Score	Application Summary	Request Amount	Staff Recommendation
Family Promise of Greater Beloit	Eviction Prevention and Emergency Shelter	52.00	Family Promise of Greater Beloit serves families with at least one child under age 18 with homelessness prevention and emergency housing and services. Families with short-term financial emergencies receive eviction prevention assistance to help them remain in their homes. FPGB provides landlord mediation, one-time rental assistance, and additional single-incident services such as payment for utility bills, car repairs, or other transportation expenses. Families facing immediate homelessness receive safe shelter, food, clothing, and transformational case management as they develop an action plan to regain housing and stability. Families graduating from the shelter program receive 12 months of additional case management support in our stabilization program, and they may receive financial assistance to pay security deposits or first month's rent if they are starting a new job or have other immediate expenses.	\$150,000	\$147,956
Project 16:49	Robin House Transitional Living Project (TLP)	52.00	Project 16:49's Robin House will provide safe, stable housing plus comprehensive age-appropriate case management. Residents will receive basic needs assistance, referrals (health, mental health, other services based on individual situation / needs), transportation assistance and planning, life skills education, goal planning assistance, educational and employment support, and other general support.  The TLP will help youth increase their self-sufficiency and prepare for independent living. Our aftercare services will provide support to ensure youth remain stably house following exit. We also are including funds in this request to assist youth with moving costs, including security deposit assistance, as many landlords are requiring extremely large deposits for our youth who do not have a long work history, no rental history, and no co-signer.	\$138,120	\$136,238
Family Services of Southern WI and Northern IL	Youth2Youth 4 Change Community Comfort Closet	50.27	The Community Comfort Closet project will provide schools and youth serving organizations in our community with personal essentials needed to keep a person healthy both physically and mentally, who are experiencing homelessness.  Within the Comfort Closets there will be items such as undergarments, socks, school supplies, hygiene and laundry products and whatever individual needs are requested. Purchasing these items can be a huge financial burden to families where they may have to choose to pay their rent or mortgage or purchase the things their children need. These kinds of decisions can contribute to homelessness.	\$150,000	\$147,956

# Attachment B - Resolution 2023-04

## ARPA Program Application with Scores

Agency	Program	Average Score	Application Summary	Request Amount	Staff Recommendation
Beloit Meals on Wheels	Home Delivered Meals for Seniors	50.18	Nutrition is a vital component of individual health and wellbeing especially as we age. By supporting older adults in their ability to secure healthy nutritious food, we are also helping them maintain sustainable housing. Overall, our program provides the necessary safety net to help reduce homelessness by providing daily nutritious meals, safety checks, resource information and peace of mind for the participants and their loved ones thus keeping our neighborhoods stabilized.	\$150,000	\$147,956
Legal Action of Wisconsin, Inc.	Community Lawyer Project	50.09	<p>Project staff will engage in direct representation and strategic litigation directly related to a person's housing safety or stability. Staff will also develop and facilitate community education through written materials, guides, and training workshops. These training resources will be designed for renters in the Beloit community as well as for the social service agencies supporting people at risk of homelessness.</p> <p>This work aligns with the Beloit Area Taskforce on Homelessness' strategic plan, in particular the strategies to</p> <ol style="list-style-type: none"> <li>1. Utilize and provide education on legal empowerment tools,</li> <li>2. Have legal representation present in court and/or access to assistance prior to going to court, and</li> <li>3. Teach tenants how to assert their rights in positive ways.</li> </ol>	\$150,000	\$147,956
Family Services of Southern WI and Northern IL	Neighborhood Resilience Project (Community Social Worker)	45.9	[Family Services is] using a team approach to providing services and concrete resources. The case manager functions as the "orchestrator conductor" in helping to determine with the parent and with team the overall plan, the sequence and coordination of services, the intended outcomes and is responsible for tracking progress and working as a team to revise or amend goals. At the same time, program staff serve as resources, advocates, and champions. As a practical matter, the challenge is to be able to move beyond reacting/responding to crises (e.g., repairs to an automobile) and instead help the family decrease their vulnerability to set backs by increasing their resources/levels of self-sufficiency (for example, for those experiencing food insecurities, access to food is an important goal, however, the next step is secure access to adequate nutrition).	\$150,000	\$147,956
Retired and Senior Volunteer Program	Beloit Retired Seniors	45.54	<p>The purpose of the No Cost Transportation program is to give those in need of transportation to medical and other necessary appointments, the rides they need. These rides are conducted so the driver picks the rider up at their place of residence, takes them to their appointment, often escorting them into specific office areas, waits for them and then delivers them safely back to their residence. These individuals have doctor appointments, lab appointments, procedures, prescriptions to pick up, and more that they would not be able to do without this service.</p> <p>This is a service to the rider as well as to the medical facilities setting the appointments they are delivered to. The various medical operations have repeatedly requested the assistance of RSVP to get their patient to necessary appointments and procedures. They have also thanked RSVP for the assistance, saying it has helped the individual get otherwise missed treatments and services.</p>	\$75,000	\$73,982
<b>Total:</b>				<b>\$963,120</b>	<b>\$950,000</b>

# Attachment B - Resolution 2023-04

## ARPA Program Application with Scores

NON-PROFIT BUILDING AND FACILITY IMPROVEMENTS					
Agency	Program	Average Score	Application Summary	Request Amount	Staff Recommendation
Family Promise of Greater Beloit	1006 Bluff St	44.09	The purpose and anticipated outcomes of this project are to increase the safety of the shelter residents and our volunteers and to reduce energy expenses for shelter operations. Although the new Family Promise shelter has been initially renovated, there is additional work to be done. Most important is the need to add new heat and air conditioning systems to the 9 family sleeping rooms. Not only is the current system for these rooms extremely outdated and inefficient, but it does not include air conditioning. Despite the addition of ceiling fans, residents must leave windows open during warm weather making the shelter vulnerable to break-ins, thefts, and the threat of more serious crimes. We have already had one window break-in, resulting in significant theft from a guest family. The poor condition of our parking lot also presents a safety hazard for our families as well as our volunteers. The pavement is cracked and uneven, making it hazardous for guest families to fully utilize the space intended for children’s activities and for family recreation. Safety is also an issue for our volunteers who provide fellowship and encouragement to our residents during evening hours. Gaps and holes in the parking lot pavement make it unsafe for some of our older volunteers who leave after dark. The replacement of the dilapidated parking lot fencing will also deter opportunist thefts and vandalism to the vehicles of volunteers as well as staff.	\$246,900	\$200,000
Hilltopp Community Center	1851 Moore St	41.00	The funding opportunity proposed for this project would provide the immediate resources to significantly rehabilitate and repair the interior, exterior, and athletic fields, ensuring the immediate renewal, transformation, and availability of all the facilities to the Beloit Community. This historical building built in 1960 was home to the Boys and Girls Club for over 60 years, in 2021 three Beloit natives purchased the building and founded the non-profit organization Hilltopp Community Center. This historic building is witness to the aesthetic, tradition, and cultural history of Beloit. Generations of people from Beloit shaped their development with the programs and services within the walls of this building. The purpose of the rehabilitation project is to preserve a historic building to be sustainable that will stand the test of time and live beyond us for future generations to enjoy. Funding of the project proposed would provide the resources to create an accessible safe space, well-maintained gyms, classrooms, playing fields, multi-use indoor and outdoor spaces for young people encouraging the revival of physical activity while fostering social networks that promote and sustain resilience ensuring the entire community a place they can come to for equitable opportunities to improve overall physical health, mental health, and well-being.	\$250,000	\$200,000
Beloit Historical Society	845 Hackett St	43.27	The Beloit Historical Society (BHS) Construction Project consists of improvements to the exterior of the Lincoln Center facility including the replacement of the roof and installation of new HVAC equipment, updating the electrical system to power the new HVAC equipment safely, tuck pointing of the exterior walls and replacing exterior doors and windows to bring the building up to current codes. These repairs will tighten the building's envelope resulting in increased energy efficiency and safety for the people using the building and protect the historical artifacts and documents stored here. This project represents one portion of the infrastructure needs BHS has at the Lincoln Center. Securing the exterior is the first step with the next phase addressing internal systems and future use of the building.	\$785,670	\$200,000

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## ARPA Program Application with Scores

Agency	Project Location	Average Score	Application Summary	Request Amount	Staff Recommendation
New Zion Baptist Food Pantry	1905 Mound Ave	39.00	Our project is to address the needs of those in our community that are food insecure. We operate a food pantry that gives away food to any individual or family that appear at our site. The program is available to anyone within Beloit and we have seen an increased need for food in the past 3 years. We were productive before the pandemic and were required to stop operations during some of the pandemic but once we reopened, we saw an increase in the number of persons served. We are seeking to expand our service area within the building by adding insulation, heating and electricity to a former garage. To improve the safety of the persons who come we would like to improve the parking lot and add more parking spots for the disabled with a look to being bale to add pickup services for the disabled. The project would also include improvements to our room so that volunteers and patrons are safe.	\$200,000	\$200,000
New Life Ministries	1400 Harvey St	41.55	Being able to improve our building/facility we will be able to serve more than 200 families. With updated equipment we will be able to double our feeding time which will open up more families to come in. We will have better kitchen equipment for when we are cooking and better computers and cameras for recording funerals, weddings, graduation ceremonies, school concerts, etc. New Life will be able to meet the needs and continue to gain trust with the families in our community (Question B.5).	\$290,330	\$0
Beloit Convention and Visitors Bureau, Inc.	656 Pleasant St	39.45	The ARPA grant investment will focus on completing the renovation of the structure at 656 Pleasant Street, built in 1914, originally serving as St. Paul's Catholic Church and then later as the Angel Museum, into a new 3,426 square foot events and meeting venue. [The Church is] a transformational and inspiring event space to be used by local, regional, and national non-profits, businesses, associations, clubs, and individuals for events and functions. This venue meets a significant gap in the market supply for hosting meetings and events in the destination. Capacity: approximately 150-180 people depending on the event setup.	\$317,601.97	\$0
Emmanuel Baptist Church	1201 Athletic Ave	39.91	[The purpose of the project is] to provide foundational funding for the demolition and destruction of our current educational center and gym which was found to have asbestos. This property will be cleared and a new education center will be constructed.	\$400,000	\$0

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## ARPA Program Application with Scores

Agency	Project Location	Average Score	Application Summary	Request Amount	Staff Recommendation
W.B. Kennedy Lodge No. 3	2034 Liberty Ave	30.45	W.B. Kennedy Lodge, one of the oldest black organizations in Beloit serves the minority community as a public gathering place. Currently we accommodate meeting space for community organizations, work with funeral homes to offer low-income families a place to hold funeral lunches/repast, Memorial services, youth programming and support community worthwhile causes. There is demand for this type of space in the minority community, but our current facility is limited by space and funds. The ARPA grant would allow our organization to expand our support to the community by offering additional meeting spaces. The improvements would address the accessibility for our aging population, which in turn helps our organization continue to recruit and retain volunteers to help the public. The project includes the addition of two restrooms (one ADA), two conference rooms, a gather space of 3,500sq ft and nine new parking spaces. The new space would make W.B. Kennedy lodge the largest owned meeting space for the statewide masonic lodge. The Lodge would bring Masonic state sponsored events to our city. The facility would be able to hold meetings, programs and lodge events at the same time.	\$684,646.06	\$0
<b>Total:</b>				<b>\$3,175,148</b>	<b>\$800,000</b>
<b>TRANSITIONAL LIVING FACILITY</b>					
Agency	Program	Average Score	Application Summary	Request Amount	Staff Recommendations
Family Services of Southern WI and Northern IL	825 Liberty Ave		<p>While the physical complex of an eighteen-unit apartment structure with social services and childcare attached will be the most tangible aspect of project, the goals of the project are its most significant component: empowering two generations for success. This will be accomplished by a.) helping to improve the levels of self-sufficiency of resource-limited parents with young children, b.) reduce the levels of toxic adverse childhood experiences, and c.) increase the level of early childhood cognitive development. Because housing security is critical for the well-being of young families and is extremely important for healthy childhood emotional, psychological, and cognitive development, we intend to build and staff an eighteen-unit transitional living facility that will provide stable housing for participants and thus contribute to an increase in the likelihood that participating families will meet the above goals.</p> <p>Stable housing is necessary but is not sufficient to improve the prospects of the families. The project will also provide individualized services to the participants as well offer access to an on-site childcare facility for serving both project participants and neighborhood families. By providing childcare and housing together, we will be able provide benefits to families with young children as the parents work to position themselves to be able to secure and maintain stable housing.</p>	\$2,000,000	\$2,000,000
<b>Total:</b>				<b>\$2,000,000</b>	<b>\$2,000,000</b>