

# **Porchlight, Inc.**

Madison, Wisconsin

Financial Statements and Supplementary Information

Year Ended December 31, 2013

# Porchlight, Inc.

## Financial Statements and Supplementary Information

Year Ended December 31, 2013

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## **Independent Auditor's Report**

Board of Directors  
Porchlight, Inc.  
Madison, Wisconsin

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Porchlight, Inc. (a nonprofit organization), which comprise the statement of financial position of as of December 31, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Porchlight, Inc. as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.

## Other Matters

### ***Supplementary Information***

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Porchlight, Inc. as a whole. The accompanying schedule of expenditures of federal awards and other financial assistance, Schedules A-1 to A-2, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Guideline*, issued by the Wisconsin Department of Administration, the Dane County Department of Human Services provider agency expense report, and the schedules of profit and loss for multifamily projects as required by Wisconsin Housing and Economic Development Authority are presented for purposes of additional analysis and are not a required part of the basic 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. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2014, on our consideration of Porchlight, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Porchlight, Inc.'s internal control over financial reporting and compliance.

*Wipfli LLP*

Wipfli LLP

Madison, Wisconsin

June 19, 2014

# Porchlight, Inc.

## Statement of Financial Position December 31, 2013

<i>Assets</i>	
Current assets:	
Cash	\$ 1,170,071
Investments	449,421
Grants receivable	148,565
Accounts receivable	192,667
Land contract receivable	3,628
Inventory	21,800
Prepaid expenses	62,084
<hr/>	
Total current assets	2,048,236
Other assets:	
WHEDA reserves	401,695
Land contract receivable	51,060
Charitable trust receivable, net	90,000
<hr/>	
Total other assets	542,755
<hr/>	
Property and equipment, net	11,432,290
<hr/>	
<b>TOTAL ASSETS</b>	<b>\$ 14,023,281</b>
<hr/> <hr/>	
<i>Liabilities and Net Assets</i>	
Current liabilities:	
Current portion of mortgages payable	\$ 86,319
Current portion of deferred loans payable	3,500
Accounts payable	190,426
Accrued payroll and related expenses	60,592
Deferred revenue	38,810
Grant funds received in advance	18,115
<hr/>	
Total current liabilities	397,762
Long-term liabilities:	
Deferred loans payable	3,038,384
Mortgages payable	1,745,522
<hr/>	
Total long-term liabilities	4,783,906
<hr/>	
Total liabilities	5,181,668
Net assets:	
Unrestricted net assets	
Board designated	93,067
Undesignated	6,846,120
<hr/>	
Total unrestricted net assets	6,939,187
Temporarily restricted	1,902,426
<hr/>	
Total net assets	8,841,613
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<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 14,023,281</b>
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See accompanying notes to financial statements.

# Porchlight, Inc.

## Statement of Activities

Year Ended December 31, 2013

	Unrestricted	Temporarily Restricted	Total
Revenue:			
Grant revenue	\$ 2,297,709	\$ 0	\$ 2,297,709
Investment loss	( 38,785)	0	( 38,785)
Contributions	945,885	0	945,885
Rental income	1,139,020	0	1,139,020
Program fees	15,716	0	15,716
Miscellaneous	87,218	0	87,218
In-kind contributions	385,923	0	385,923
Net assets released from restriction through satisfaction of program restrictions	73,058	( 73,058)	0
<b>Total revenue</b>	<b>4,905,744</b>	<b>( 73,058)</b>	<b>4,832,686</b>
Program expenses:			
Homeless men's drop-in shelter	310,968	0	310,968
Hospitality House	548,113	0	548,113
Safe Haven	464,195	0	464,195
Housing	1,976,507	0	1,976,507
Brooks Street	729,929	0	729,929
In-kind expenses	378,472	0	378,472
<b>Total program expenses</b>	<b>4,408,184</b>	<b>0</b>	<b>4,408,184</b>
Management and general	428,340	0	428,340
Fundraising	132,825	0	132,825
<b>Total management, general, and fund-raising</b>	<b>561,165</b>	<b>0</b>	<b>561,165</b>
<b>Total expenses</b>	<b>4,969,349</b>	<b>0</b>	<b>4,969,349</b>
<b>Change in net assets</b>	<b>( 63,605)</b>	<b>( 73,058)</b>	<b>( 136,663)</b>
Net assets - Beginning of the year	7,002,792	1,975,484	8,978,276
<b>Net assets - End of the year</b>	<b>\$ 6,939,187</b>	<b>\$ 1,902,426</b>	<b>\$ 8,841,613</b>

See accompanying notes to financial statements.

# Porchlight, Inc.

## Statement of Cash Flows Year Ended December 31, 2013

Increase (decrease) in cash:	
Cash flows from operating activities:	
Change in net assets	(\$ 136,663)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Bad debt on pledge receivable	22,175
Depreciation	461,308
Net realized and unrealized losses on investments	45,617
Forgiveness of deferred loan payable	( 3,500)
Donation of stock and other assets	( 17,859)
Changes in operating assets and liabilities:	
Grants receivable	20,358
Accounts receivable	( 22,607)
Inventory	( 20,121)
Prepaid expenses	( 14,592)
Accounts payable	( 291,767)
Accrued payroll and related expenses	( 65,420)
Deferred revenue	12,472
Grant funds received in advance	( 15,402)
Net cash used in operating activities	( 26,001)
Cash flows from investing activities:	
Purchase of property and equipment	( 390,466)
Proceeds from sale of investments	252,266
Purchase of investments	( 39,902)
Deposits to and interest retained in WHEDA reserves	( 28,776)
Net cash used in investing activities	( 206,878)
Cash flows from financing activities:	
Collection of pledges receivable	114,697
Collection of land contract receivable	3,212
Principal payments on mortgages payable	( 82,624)
Net cash provided by financing activities	35,285
Change in cash	( 197,594)
Cash - Beginning of the year	1,367,665
Cash - End of the year	\$ 1,170,071
<b>Supplemental schedule of other cash activity:</b>	
Interest paid and expensed	\$ 66,072

# Porchlight, Inc.

## Notes to Financial Statements

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

#### **Nature of Operations**

Porchlight, Inc. was established as a nonprofit corporation in 1987 and was formed to develop and provide resources for the purpose of assisting low-income individuals secure housing, find temporary and permanent jobs, and provide referrals to community resources to help individuals live independently. Porchlight, Inc. is primarily supported through federal and state government grants, rental income, and contributions. The main recipients of these programs reside in Dane County, Wisconsin. Approximately 16% of Porchlight, Inc.'s total revenue is received directly from the U.S. Department of Housing and Urban Development (HUD).

#### **Basis of Presentation**

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

#### **Classification of Net Assets**

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

**Unrestricted Net Assets** - Net assets that are not subject to donor-imposed stipulations or where donor-imposed stipulations are met in the year of contribution or are designated by the board of directors for a specific use.

**Temporarily Restricted Net Assets** - Net assets subject to donor-imposed stipulations that may or may not be met, either by actions of Porchlight, Inc. and/or the passage of time. When a restriction expires, temporarily restricted net assets are transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If a restriction is satisfied in the year of contribution, the contribution is recorded as unrestricted revenue.

**Permanently Restricted Net Assets** - Net assets subject to donor-imposed stipulations that they be maintained permanently by Porchlight, Inc. Generally, the donors of these assets permit Porchlight, Inc. to use all or part of the income earned on any related investments for general or specific purposes. Currently, Porchlight, Inc. does not have any permanently restricted net assets.



# Porchlight, Inc.

## Notes to Financial Statements

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

#### **Use of Estimates**

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

#### **Revenue Recognition/Grant Funds Received in Advance**

Contributions are recognized when the donor makes a promise to give to Porchlight, Inc. that is, in substance, unconditional. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If the restriction is satisfied in the period of contribution, the contribution is recorded as unrestricted revenue.

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

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

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

#### **A. Grant Awards That Are Contributions**

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

#### **B. Grant Awards That Are Exchange Transactions**

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

# Porchlight, Inc.

## Notes to Financial Statements

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

#### **In-Kind Contributions**

Porchlight, Inc. has recorded in-kind contributions for supplies and professional services in the statement of activities in accordance with financial accounting standards. These accounting standards requires that only contributions of services received that create or enhance a nonfinancial asset or require a specialized skill by the individual possessing those skills and would typically need to be purchased if not provided by donation be recorded. The requirements of these financial standards are different than the in-kind requirements of the Porchlight's grant awards. Porchlight, Inc. received contributions of nonprofessional volunteers during the year with a value of \$148,840 which are not recorded in the statement of activities.

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

Accounts receivable and the land contract receivable consist of receivables for rent, contributions, and amounts owed to Porchlight, Inc. from various sources. Porchlight, Inc. analyzes the receivables and records an allowance for doubtful accounts based on prior collection, experience, and specific customer attributes. When all collection efforts have been exhausted, Porchlight, Inc. writes off receivables against the allowance for doubtful accounts. As of December 31, 2013, Porchlight, Inc. has elected not to record an allowance for doubtful accounts since collection of the entire outstanding receivable balance is expected.

#### **Investments**

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

# Porchlight, Inc.

## Notes to Financial Statements

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

#### **Inventory**

Inventory consists of vending machine, canned, and preserved artisan products. Inventory is stated at the lower of cost, determined by the first-in, first-out (FIFO) method, or market.

#### **Charitable Trust Receivable**

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

#### **Property and Equipment**

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

Property and equipment purchased with grant funds are owned by Porchlight, Inc. while used in the programs for which they were purchased or in other future authorized programs. However, the various funding sources have a reversionary interest in the property and equipment purchased with grant funds. Its disposition, as well as the ownership of any proceeds therefrom, is subject to funding source regulations. The net book value of property and equipment purchased with grant funds is \$1,899,370 at December 31, 2013.

Porchlight, Inc. has adopted a policy of implying a time restriction on assets purchased with grant contributions. Grant-funded property and equipment are recorded as restricted support. As the property and equipment are depreciated, the temporarily restricted net assets are released from restriction and reported in the statement of activities as net assets released from restriction.

#### **Income Taxes**

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

# Porchlight, Inc.

## Notes to Financial Statements

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

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

Porchlight, Inc. is required to assess whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements. Porchlight, Inc. has determined there are no amounts to record as assets or liabilities related to uncertain tax positions. Federal returns for the years ended 2010 and beyond remain subject to examination by the Internal Revenue Service.

#### **Cost Allocation**

Joint costs are those costs incurred for the common benefit of all organization programs that cannot be readily identified with a final cost objective. Joint costs are allocated to benefiting programs based on the number of nights of shelter provided. This allocation method was approved by HUD.

#### **Subsequent Events**

Subsequent events have been evaluated through June 19, 2014, which is the date the financial statements were available to be issued.

### **Note 2**      **Concentration of Credit Risk**

Porchlight, Inc. maintains cash balances at several financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC) and National Credit Union Share Insurance Fund (NCUSIF) up to \$250,000. At times during the year, balances in these accounts may exceed the insurance limits. At the end of 2013, cash balances for BMO Harris Bank (Charter #1) and Summit Credit Union exceeded the limits insured by the FDIC and NCUSIF. Management believes these financial institutions have strong credit ratings and credit risk related to these deposits is minimal.

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

# Porchlight, Inc.

## Notes to Financial Statements

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### Note 3 Investments

Investment loss for the year is substantially related to the difference between the original recorded appraisal values of the donated properties held for sale and the actual sale price. Investments are recorded at fair value and consist of the following:

Equity and fixed income funds	
Equity securities	\$ 19,368
Growth funds	24,132
Income funds	67,833
Bond funds	18,658
<u>Donated property held for sale</u>	<u>319,430</u>
<u>Investment balance</u>	<u>\$ 449,421</u>

Investment loss for the year consists of the following:

Interest income	\$ 2,933
Dividend income	3,899
<u>Net realized and unrealized losses</u>	<u>( 45,617)</u>
<u>Total</u>	<u>(\$ 38,785)</u>

### Note 4 Fair Value Measurements

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

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

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

# Porchlight, Inc.

## Notes to Financial Statements

### Note 4 Fair Value Measurements (Continued)

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

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

Information regarding the fair value of assets measured at fair value on a recurring basis as of December 31, 2013, is as follows:

	Assets Measured at Fair Value	Recurring Fair Value Measurements Using Quoted Prices		
		in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity and fixed income funds:				
Equity funds	\$ 19,368	\$ 19,368	\$ 0	\$ 0
Growth funds	24,132	24,132		
Income funds	67,833	67,833	0	0
Bond funds	18,358	18,358	0	0
Charitable trust receivable (See Note 9)	90,000	0	0	90,000
Total Assets	\$ 219,691	\$ 129,691	\$ 0	\$ 90,000

Porchlight, Inc. does not have any liabilities measured at fair value on a recurring basis.

The fair value of the equity and fixed income funds are based on quoted market prices. The fair value of the charitable trust is based on the expected cash flows discounted for perpetuity using a 6% discount rate with the expectation that dividends would increase 3% per year. There was no change in the fair value of the charitable trust during the fiscal year ending December 31, 2013.

Porchlight, Inc. does not have any assets or liabilities measured at fair value on a nonrecurring basis.

# Porchlight, Inc.

## Notes to Financial Statements

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### **Note 5 Grants Receivable**

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

U.S. Department of Housing & Urban Development	\$	32,549
U.S. Department of Veterans Affairs		13,884
U.S. Department of Homeland Security - FEMA		10,900
State of Wisconsin		15,215
United Way of Dane County		8,843
County of Dane		4,500
City of Madison		62,627
Other		47
<hr/>		
<b>Total</b>	<b>\$</b>	<b>148,565</b>

### **Note 7 WHEDA Reserves**

The Wisconsin Housing and Economic Development Authority (WHEDA) reserves of \$401,695 in escrow represent an operating deficit reserve of \$5,425 and replacement reserves of \$396,270 associated with Porchlight, Inc.'s WHEDA mortgages (see Note 12). These funds will remain with WHEDA until Porchlight, Inc. requests to use the funds and the use is approved by WHEDA.

### **Note 8 Land Contract Receivable**

In 2012, Porchlight, Inc. sold a portion of donated property by executing a land contract. The land contract receivable has an outstanding principal balance of \$54,688. The land contract receivable has an interest rate of 1% per year and monthly payments of \$347 with a maturity date of January 1, 2028. Porchlight, Inc. holds a lien on the property.

# Porchlight, Inc.

## Notes to Financial Statements

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### Note 9 Charitable Trust Receivable

Porchlight, Inc. is the beneficiary of a trust fund established by an individual's last will and testament. Accounting Standards Codification No. 958-605, *Transfer of Assets to a Not-for-Profit or Charitable Trust That Raises or Holds Contributions For Others*, requires that if a specified beneficiary (Porchlight, Inc.) has an unconditional right to receive all or a portion of a specified cash flow from the charitable trust, the beneficiary is required to recognize the beneficial interest, measuring and subsequently remeasuring its fair value, using a valuation technique such as the present value of the estimated expected future cash flows. Porchlight, Inc. receives a 5% share of current income less expenses and preferred beneficiary payments. The expected cash flows were discounted for perpetuity using a 6% discount rate with the expectation that dividends would increase 3% per year with the growth of the fund. The present value at December 31, 2013, was \$90,000, and the amount received in 2013 was \$2,073.

### Note 10 Property and Equipment

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

Land	\$ 1,871,531
Buildings	11,807,804
Building improvements	1,845,520
Leasehold improvements	390,090
Equipment	698,203
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Total cost	16,613,148
Accumulated depreciation	( 5,180,858)
<hr/>	
Property and equipment, net	\$ 11,432,290

### Note 11 Deferred Loans Payable

Porchlight, Inc. has received no-interest deferred payment CDBG loan funds from the City of Madison. The funds were for the purchase and/or renovation of property. The funds are to be returned to the City of Madison if the properties are sold or converted to a use other than stipulated in the CDBG loan restrictions, with the exceptions of the Drop-In Shelter, Mifflin Street, and Johnson Street locations. The funds for the Drop-In Shelter have the same restrictions as previously listed; however, the City of Madison has agreed to forgive a portion of the loan over a period of 10 years at a rate of 10% per year beginning in 2010. The forgivable portion of the Mifflin Street and Johnson Street loans are to be forgiven at the end of a 10-year period.



# Porchlight, Inc.

## Notes to Financial Statements

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### Note 11      **Deferred Loans Payable** (Continued)

Deferred loans payable consist of the following:

CDBG deferred funds:

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

CDBG deferred forgivable loans:

Drop-In Shelter	14,000
East Johnson Street	214,590
East Mifflin Street	200,200

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Total deferred loans payable	3,041,884
Current portion	3,500

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Long-term portion	\$ 3,038,384
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# Porchlight, Inc.

## Notes to Financial Statements

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### Note 12      **Mortgages Payable**

Porchlight, Inc. has the following mortgages payable at December 31, 2013:

Mortgage payable to WHEDA at 2.00% interest, with monthly payments of \$1,487, and the outstanding balance due May 1, 2022. The mortgage is collateralized by property at the following locations: \$      138,158

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

Mortgage payable to WHEDA at 4.00% interest, with monthly payments of \$3,338, and the outstanding balance due September 1, 2024. The mortgage is collateralized by property at 1102 Spring Street and 609 North Midvale. 349,496

Mortgage payable to WHEDA at 2.50% interest, with monthly payments of \$1,379, and the outstanding balance due February 1, 2037. The mortgage is collateralized by property at 2718 Pheasant Ridge Trail. 290,708

Mortgage payable to WHEDA at 2.50% interest, with monthly payments of \$859, and the outstanding balance due July 1, 2035. The mortgage is collateralized by property at 1409 McKenna Boulevard. 171,883

Mortgage payable to WHEDA at 7.05% interest, with monthly payments of \$3,943, and the outstanding balance due August 1, 2025. The mortgage is collateralized by property at the locations listed below. 375,359

Mortgage payable to WHEDA at 7.05% interest, with monthly payments of \$908, and the outstanding balance due August 1, 2025. The mortgage is collateralized by property at the locations listed below. 86,184

Mortgage payable to WHEDA at 7.05% interest, with monthly payments of \$468, and the outstanding balance due August 1, 2025. The mortgage is collateralized by property at the locations listed below. 44,553

# Porchlight, Inc.

## Notes to Financial Statements

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### Note 12      **Mortgages Payable (Continued)**

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

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

Mortgage payable to WHEDA at 0.00% interest, with monthly payments of \$468 deferred until September 1, 2025, and the outstanding balance due July 1, 2031. The mortgage is collateralized by properties at the locations listed below. 33,020

Total 1,831,841  
Current mortgages payable ( 86,319)

Long-term mortgages payable \$ 1,745,522

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

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

Future maturities are as follows:

<u>Year</u>	<u>Amount</u>
2014	\$ 86,319
2015	90,217
2016	94,328
2017	98,668
2018	103,249
<u>Thereafter</u>	<u>1,359,060</u>
<u>Total</u>	<u>\$ 1,831,841</u>

# Porchlight, Inc.

## Notes to Financial Statements

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### **Note 12**      **Mortgages Payable (Continued)**

In addition to the previously stated long-term debt, Porchlight, Inc. has a revolving line of credit with BMO Harris Bank for \$200,000, which expires December 1, 2015, and is secured by property at 1490 Martin Street. The line-of-credit agreement has a variable interest rate equal to the prime rate (3.178% at December 31, 2013). No funds were borrowed on the line of credit at December 31, 2013.

### **Note 13**      **Temporarily Restricted Net Assets**

Temporarily restricted net assets represent balances that are available for use in the following activities:

Grant-funded equipment	\$	1,899,370
Small loan fund		3,056
<hr/>		
<u>Total</u>	<u>\$</u>	<u>1,902,426</u>

### **Note 14**      **Retirement Plan**

Porchlight, Inc. established a simplified employee pension (SEP) plan. The plan is open to all employees who are at least 21 years of age and have been employed by Porchlight, Inc. for 1,000 hours and for the preceding 12 months. The retirement benefits are fully vested with the employee at the time of contribution. Porchlight, Inc.'s contributions for the year ended December 31, 2013, were \$52,939.

### **Note 15**      **Contingencies**

Porchlight, Inc. has several restrictions regarding the use of funds received for acquisition and rehabilitation of properties. The funds received and restrictions are as follows:

#### **CDBG-Deferred Loans**

As mentioned in Note 11, Porchlight, Inc. has 13 properties that were acquired or renovated with the use of deferred CDBG loans from the City of Madison. These loans would be payable to the City of Madison if the properties were sold or converted to a use other than stipulated in the CDBG loan restriction.

# Porchlight, Inc.

## Notes to Financial Statements

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### **Note 15**      **Contingencies (Continued)**

#### **CDBG-Deferred Loans (Continued)**

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

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

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

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

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

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

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

# Porchlight, Inc.

## Notes to Financial Statements

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### **Note 15**      **Contingencies (Continued)**

#### **CDBG-Deferred Loans (Continued)**

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

#### **Federal Home Loan Bank Affordable Housing Program**

Porchlight, Inc. received \$163,753 from the Federal Home Loan Bank (FHLB) to purchase and renovate properties on Spring Street and Sherman Avenue. In the event that Porchlight, Inc. would sell or convert the use of the properties within a 15-year period starting February 15, 2000, Porchlight, Inc. has agreed to repay the original award.

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

### **Note 16**      **Lease Commitments - Lessee**

Porchlight, Inc. leases various facilities and equipment for operation of its programs. Rent expense for 2013, was \$144,526. Future minimum lease payments for 2014 are \$50,165.

### **Note 17**      **Rental Activity**

Porchlight, Inc. rents to individuals that qualify under a variety of programs that they offer and to the Veterans Administration. The rental income for the year ended December 31, 2013, was \$1,139,020. The majority of program tenants are under annual or shorter rental arrangements. Future rental income to be received for 2014 is \$16,100.

# Porchlight, Inc.

## Notes to Financial Statements

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### Note 17      **Rental Activity (Continued)**

A summary of rental property is as follows:

	<b>Rental Property</b>
Land	\$ 1,800,031
Buildings	11,646,940
Building improvements	1,734,343
Equipment	489,108
Total cost	15,670,422
<u>Accumulated depreciation</u>	<u>( 4,565,978)</u>
<u>Rental property, net</u>	<u>\$ 11,104,444</u>

### Note 18      **Grant Awards**

At December 31, 2013, Porchlight, Inc. had commitments under various ongoing grant awards of approximately \$230,000. The revenue relating to these grants is not recognized in the accompanying financial statements as the revenue recognition is conditional on the incurrence of expenditures or the performance of services in the next fiscal year.

# **Supplementary Information**

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# Porchlight, Inc.

## Schedule A-1

### Schedule of Expenditures of Federal Awards and Other Financial Assistance

Year Ended December 31, 2013

CFDA Number	Program Name	Grantor Agency	Program Period	Project Number	Grant Award	12/31/12 Grant Funds Received in Advance		Revenue			12/31/13 Grant Funds Received in Advance									
						Net Assets	Award/Funds Recognized	Other Revenue & Transfers	Total Revenue Recognized	Expenses	Net Assets									
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>																				
14.231	DIGS - Eviction Prevention	City of Madison	01/01/13-12/31/13	JM001-HUDESIG13	44,313	\$	0	\$	44,313	\$	0	\$	44,313	(\$	44,313)	\$	0	\$	0	
14.231	STABLE Program	City of Madison	07/01/12-06/30/13	JD004-WISESG12	24,217		0		14,189		0		14,189	(	14,189)		0		0	
14.231	STABLE Program	City of Madison	07/01/13-06/30/14	JD004-WISESG13	18,435		0		11,852		0		11,852	(	11,852)		0		0	
14.231	PTO Maintenance Training	City of Madison	01/01/13-12/31/13	JD009-HUDESIG13	4,000		0		4,000		0		4,000	(	4,000)		0		0	
14.231	Outreach Mental Health Services	City of Madison	07/01/12-06/30/13	JD005-WISESG12	25,000		0		17,173		0		17,173	(	17,173)		0		0	
14.231	Outreach Mental Health Services	City of Madison	07/01/13-06/30/14	JD005-WISESG13	14,620		0		8,991		0		8,991	(	8,991)		0		0	
14.231	PTO Employment Readiness	City of Madison	07/01/13-06/30/14	JD012-WISTHP13	11,137		0		6,534		0		6,534	(	6,534)		0		0	
14.231	Transitional Housing Program	City of Madison	07/01/13-06/30/14	JD013-WISTHP13	16,274		0		7,803		0		7,803	(	7,803)		0		0	
	<b>Total CFDA #14.231 Emergency Shelter Grant Program</b>				<b>0</b>		<b>0</b>		<b>114,855</b>		<b>0</b>		<b>114,855</b>	(	<b>114,855</b> )		<b>0</b>		<b>0</b>	
14.235	Transitional Housing - Operating	U.S. Dept. of HUD	01/01/13-12/31/13	WI0102L5I031205	68,416		0		65,285		0		65,285	(	65,285)		0		0	
14.235	Transitional Housing - Supportive Services	U.S. Dept. of HUD	01/01/13-12/31/13	WI0102L5I031205	82,000		0		85,131		0		85,131	(	85,131)		0		0	
14.235	Transitional Housing - Administration	U.S. Dept. of HUD	01/01/13-12/31/13	WI0102L5I031205	7,749		0		7,749		0		7,749	(	7,749)		0		0	
	<b>Subtotals</b>				<b>0</b>		<b>0</b>		<b>158,165</b>		<b>0</b>		<b>158,165</b>	(	<b>158,165</b> )		<b>0</b>		<b>0</b>	
14.235	Safehaven - Operating	U.S. Dept. of HUD	01/01/13-12/31/13	WI0097L5I031205	40,718		0		40,718		0		40,718	(	40,718)		0		0	
14.235	Safehaven - Supportive Services	U.S. Dept. of HUD	01/01/13-12/31/13	WI0097L5I031205	289,403		0		289,403		0		289,403	(	289,403)		0		0	
14.235	Safehaven - Administration	U.S. Dept. of HUD	01/01/13-12/31/13	WI0097L5I031205	14,150		0		14,150		0		14,150	(	14,150)		0		0	
14.235	Safehaven - HMIS	U.S. Dept. of HUD	01/01/13-12/31/13	WI0097L5I031205	495		0		495		0		495	(	495)		0		0	
	<b>Subtotals</b>				<b>0</b>		<b>0</b>		<b>344,766</b>		<b>0</b>		<b>344,766</b>	(	<b>344,766</b> )		<b>0</b>		<b>0</b>	
14.235	Pheasant Ridge Trail - Operating	U.S. Dept. of HUD	05/01/12-04/30/13	WI0095B5I031104	22,851		0		9,033		0		9,033	(	9,033)		0		0	
14.235	Pheasant Ridge Trail - Support Services	U.S. Dept. of HUD	05/01/12-04/30/13	WI0095B5I031104	25,500		0		8,303		0		8,303	(	8,303)		0		0	
14.235	Pheasant Ridge Trail - Operating	U.S. Dept. of HUD	05/01/13-04/30/14	WI0095L5I031205	28,494		0		18,940		0		18,940	(	18,940)		0		0	
14.235	Pheasant Ridge Trail - Support Services	U.S. Dept. of HUD	05/01/13-04/30/14	WI0095L5I031205	20,049		0		14,200		0		14,200	(	14,200)		0		0	
14.235	Pheasant Ridge Trail - Administrative	U.S. Dept. of HUD	05/01/13-04/30/14	WI0095L5I031205	2,417		0		2,417		0		2,417	(	2,417)		0		0	
	<b>Subtotals</b>				<b>0</b>		<b>0</b>		<b>52,893</b>		<b>0</b>		<b>52,893</b>	(	<b>52,893</b> )		<b>0</b>		<b>0</b>	
14.235	Partnership for Transitional Opportunities - Operating	U.S. Dept. of HUD	12/01/12-11/30/13	WI0094B5I031104	26,070		0		22,361		0		22,361	(	22,361)		0		0	
14.235	Partnership for Transitional Opportunities - Support	U.S. Dept. of HUD	12/01/12-11/30/13	WI0094B5I031104	80,000		0		71,047		0		71,047	(	71,047)		0		0	
14.235	Partnership for Transitional Opportunities - Admin	U.S. Dept. of HUD	12/01/12-11/30/13	WI0094B5I031104	5,303		0		4,595		0		4,595	(	4,595)		0		0	
14.235	Partnership for Transitional Opportunities - Operating	U.S. Dept. of HUD	12/01/13-11/30/14	WI0094L5I031205	26,070		0		4,171		0		4,171	(	4,171)		0		0	
14.235	Partnership for Transitional Opportunities - Support	U.S. Dept. of HUD	12/01/13-11/30/14	WI0094L5I031205	75,800		0		7,940		0		7,940	(	7,940)		0		0	
14.235	Partnership for Transitional Opportunities - Admin	U.S. Dept. of HUD	12/01/13-11/30/14	WI0094L5I031205	7,130		0		676		0		676	(	676)		0		0	
	<b>Subtotals</b>				<b>0</b>		<b>0</b>		<b>110,790</b>		<b>0</b>		<b>110,790</b>	(	<b>110,790</b> )		<b>0</b>		<b>0</b>	
14.235	Housing First Leasing Project - Operating	U.S. Dept. of HUD	08/01/12-07/31/13	WI0091B5I031104	6,797		0		2,431		0		2,431	(	2,431)		0		0	
14.235	Housing First Leasing Project - Support Services	U.S. Dept. of HUD	08/01/12-07/31/13	WI0091B5I031104	19,150		0		15,339		0		15,339	(	15,339)		0		0	
14.235	Housing First Leasing Project - Leasing	U.S. Dept. of HUD	08/01/12-07/31/13	WI0091B5I031104	92,244		0		50,488		0		50,488	(	50,488)		0		0	
14.235	Housing First Leasing Project - Administrative	U.S. Dept. of HUD	08/01/12-07/31/13	WI0091B5I031104	5,823		0		2,413		0		2,413	(	2,413)		0		0	
14.235	Housing First Leasing Project - Operating	U.S. Dept. of HUD	08/01/13-07/31/14	WI0091L5I031205	7,137		0		1,894		0		1,894	(	1,894)		0		0	
14.235	Housing First Leasing Project - Support Services	U.S. Dept. of HUD	08/01/13-07/31/14	WI0091L5I031205	19,150		0		8,406		0		8,406	(	8,406)		0		0	
14.235	Housing First Leasing Project - Leasing	U.S. Dept. of HUD	08/01/13-07/31/14	WI0091L5I031205	89,208		0		39,150		0		39,150	(	39,150)		0		0	
14.235	Housing First Leasing Project - Administrative	U.S. Dept. of HUD	08/01/13-07/31/14	WI0091L5I031205	5,823		0		1,747		0		1,747	(	1,747)		0		0	
	<b>Subtotals</b>				<b>0</b>		<b>0</b>		<b>121,868</b>		<b>0</b>		<b>121,868</b>	(	<b>121,868</b> )		<b>0</b>		<b>0</b>	
14.235	Nakoosa Trail - Operating	U.S. Dept. of HUD	01/01/13-12/31/14	WI0120B5I031000	11,000		0		9,674		0		9,674	(	9,674)		0		0	
14.235	Nakoosa Trail - Support	U.S. Dept. of HUD	01/01/13-12/31/14	WI0120B5I031000	15,140		0		3,972		0		3,972	(	3,972)		0		0	
14.235	Nakoosa Trail - Administration	U.S. Dept. of HUD	01/01/13-12/31/14	WI0120B5I031000	1,260		0		630		0		630	(	630)		0		0	
	<b>Subtotals</b>				<b>0</b>		<b>0</b>		<b>14,276</b>		<b>0</b>		<b>14,276</b>	(	<b>14,276</b> )		<b>0</b>		<b>0</b>	
	<b>Total CFDA #14.235 Supportive Housing Program</b>				<b>0</b>		<b>0</b>		<b>802,758</b>		<b>0</b>		<b>802,758</b>	(	<b>802,758</b> )		<b>0</b>		<b>0</b>	
<b>DEPARTMENT OF VETERAN'S AFFAIRS</b>																				
64.024	Veterans Transitional Housing	U.S. Dept. of Vet Affairs	01/01/13-12/31/13	08-891-WI	348,315		0		331,696		0		331,696	(	331,696)		0		0	
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>																				
93.150	PATH	State of Wisconsin	07/01/12-06/30/13	N/A	32,344		0		16,319		0		16,319	(	16,319)		0		0	
<b>DEPARTMENT OF HOMELAND SECURITY</b>																				
97.024	Emergency Shelter	Emergency Food and Shelter National Board	01/01/13-05/31/14	912600-016 Phase 31	14,000		0		10,900		0		10,900	(	10,900)		0		0	
	<b>Total Federal Programs</b>				<b>\$</b>	<b>0</b>	<b>\$</b>	<b>0</b>	<b>\$</b>	<b>1,276,528</b>	<b>\$</b>	<b>0</b>	<b>\$</b>	<b>1,276,528</b>	<b>(\$</b>	<b>1,276,528)</b>	<b>\$</b>	<b>0</b>	<b>\$</b>	<b>0</b>

# Porchlight, Inc.

## Schedule A-2

### Schedule of Expenditures of Federal Awards and Other Financial Assistance

Year Ended December 31, 2013

CFDA Number	Program Name	Grantor Agency	Program Period	Project Number	Grant Award	12/31/12		Revenue			12/31/13		
						Grant Funds Received in Advance	Net Assets	Award/Funds Recognized	Other Revenue & Transfers	Total Revenue Recognized	Expenses	Grant Funds Received in Advance	Net Assets
<b>STATE AND LOCAL PROGRAMS</b>													
N/A	Hospitality House	City of Madison	01/01/13-12/31/13	JM001-MADGPR13	7,078	\$ 0	\$ 0	\$ 7,078	\$ 0	\$ 7,078	(\$ 7,078)	\$ 0	\$ 0
N/A	Transit-for-Jobs & Economic Self Sufficiency	City of Madison	01/01/13-12/31/13	N/A	80,000	0	0	80,000	0	80,000	( 80,000)	0	0
N/A	DIGS - Eviction Prevention	City of Madison	01/01/13-12/31/13	JM001-MADGPR13	45,001	0	0	45,001	0	45,001	( 45,001)	0	0
N/A	Outreach Worker	City of Madison	01/01/13-12/31/13	JD005-MADGPR13	40,000	0	0	40,000	0	40,000	( 40,000)	0	0
N/A	Supportive Services/Housing Operations	City of Madison	01/01/13-12/31/13	JD006-MADGPR13	87,026	0	0	87,026	0	87,026	( 87,026)	0	0
N/A	Eliminating Barriers to Stable Housing	City of Madison	01/01/13-12/31/13	JM003-MADGPR13	25,000	0	0	25,000	0	25,000	( 25,000)	0	0
N/A	Emergency Shelter	City of Madison	01/22/13-03/31/13	JG003-MADGPR13	1,800	0	0	1,800	0	1,800	( 1,800)	0	0
N/A	Shelter & Library Case Management	City of Madison	10/15/13-12/31/13	JK004-MADGPR13	7,000	0	0	7,000	0	7,000	( 7,000)	0	0
N/A	Drop In Shelter	Dane County	01/01/13-12/31/13	82263-8065	50,304	0	0	50,304	0	50,304	( 50,304)	0	0
N/A	Emergency Shelter	Dane County	01/01/13-12/31/13	82263-8066	104,621	0	0	104,621	0	104,621	( 104,621)	0	0
N/A	Housing Services	Dane County	01/01/13-12/31/13	82263-8068	25,039	0	0	25,039	0	25,039	( 25,039)	0	0
N/A	Outreach Prevention	Dane County	01/01/13-12/31/13	82317-1336	26,127	0	0	26,127	0	26,127	( 26,127)	0	0
N/A	School Road CBRF	Dane County	01/01/13-12/31/13	82317-4508	58,180	0	0	58,180	0	58,180	( 58,180)	0	0
N/A	United Way - Housing First for Families	United Way of Dane County	01/01/12-Ongoing	N/A	18,695	14,112	0	0	0	0	( 14,112)	0	0
N/A	United Way - Housing First for Families	United Way of Dane County	01/01/13-Ongoing	N/A	18,695	0	0	18,695	0	18,695	( 13,188)	5,507	0
N/A	United Way - Housing First for Families in Sun Prairie	United Way of Dane County	01/01/12-Ongoing	N/A	37,800	17,905	0	0	0	0	( 17,905)	0	0
N/A	United Way - Housing First for Families in Sun Prairie	United Way of Dane County	01/01/13-Ongoing	N/A	38,700	0	0	38,700	0	38,700	( 28,127)	10,573	0
N/A	United Way - Hospitality House	United Way of Dane County	01/01/13-12/31/13	N/A	127,017	0	0	127,017	0	127,017	( 127,017)	0	0
N/A	United Way - Housing	United Way of Dane County	01/01/13-12/31/13	N/A	49,299	0	0	49,299	0	49,299	( 49,299)	0	0
N/A	United Way - Case Management	United Way of Dane County	01/01/13-12/31/13	N/A	36,100	0	0	36,100	0	36,100	( 36,100)	0	0
N/A	United Way - Employment & Life Skill:	United Way of Dane County	01/01/13-12/31/13	N/A	15,000	0	0	15,000	0	15,000	( 15,000)	0	0
N/A	United Way - SRO Services	United Way of Dane County	01/01/13-12/31/13	N/A	22,000	0	0	22,000	0	22,000	( 22,000)	0	0
N/A	United Way - DIGS in Sun Prairie	United Way of Dane County	07/01/12-06/30/13	N/A	13,500	0	0	6,750	0	6,750	( 6,750)	0	0
N/A	United Way - DIGS in Sun Prairie	United Way of Dane County	07/01/13-06/30/14	N/A	13,500	0	0	10,038	0	10,038	( 10,038)	0	0
N/A	United Way - Housing First Support, Education & Therapy	United Way of Dane County	01/01/13-12/31/13	N/A	25,000	0	0	25,000	0	25,000	( 24,465)	535	0
N/A	United Way - Single Adults Housing Firs	United Way of Dane County	07/01/13-12/31/13	N/A	5,555	0	0	5,555	0	5,555	( 5,555)	0	0
N/A	State Shelter Subsidy Grant	State of Wisconsin - Dept. of Administration	01/01/13-12/31/13	N/A	63,772	0	0	63,772	0	63,772	( 63,772)	0	0
N/A	Summer Camp & Bus Passes	S. Madison Rotary Club	01/01/13-12/31/13	N/A	1,500	1,500	0	0	0	0	( 1,500)	0	0
N/A	Summer Camp & Bus Passes	S. Madison Rotary Club	01/01/14-12/31/14	N/A	1,500	0	0	1,500	0	1,500	0	1,500	0
N/A	DIGS rental assistance	Downtown Rotary	03/01/13-11/30/13	N/A	6,200	0	0	6,200	0	6,200	( 6,200)	0	0
N/A	Nakoosa Trail	Public Service Commission of W	01/01/13-12/31/13	5-GF-107	4,977	0	0	4,977	0	4,977	( 4,977)	0	0
N/A	WHEDA Foundation	WHEDA Foundation	08/01/13-12/31/13	N/A	18,000	0	0	18,000	0	18,000	( 18,000)	0	0
N/A	Small Loan Fund	Various	N/A	N/A	N/A	0	3,126	0	0	0	( 70)	0	3,056
<b>GENERALLY ACCEPTED ACCOUNTING PRINCIPLE (GAAP) ADJUSTMENTS</b>													
N/A	In-kind	N/A	N/A	N/A	N/A	0	0	0	385,923	385,923	( 378,472)	0	7,451
N/A	Grant-Funded Property & Equipment	N/A	N/A	N/A	N/A	0	1,972,358	0	0	0	( 72,988)	0	1,899,370
<b>Total State and Local Programs and GAAP Adjustments</b>						<b>33,517</b>	<b>1,975,484</b>	<b>1,005,779</b>	<b>385,923</b>	<b>1,391,702</b>	<b>( 1,472,711)</b>	<b>18,115</b>	<b>1,909,877</b>
<b>Total Federal, State, and Local Programs</b>						<b>33,517</b>	<b>1,975,484</b>	<b>2,282,307</b>	<b>385,923</b>	<b>2,668,230</b>	<b>( 2,749,239)</b>	<b>18,115</b>	<b>1,909,877</b>
N/A	<b>Organizational Activities</b>		N/A	N/A	N/A	<b>0</b>	<b>7,002,792</b>	<b>0</b>	<b>2,149,054</b>	<b>2,149,054</b>	<b>( 2,220,110)</b>	<b>0</b>	<b>6,931,736</b>
<b>TOTALS</b>						<b>\$ 33,517</b>	<b>\$ 8,978,276</b>	<b>\$ 2,282,307</b>	<b>\$ 2,534,977</b>	<b>\$ 4,817,284</b>	<b>(\$ 4,969,349)</b>	<b>\$ 18,115</b>	<b>\$ 8,841,613</b>

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

##### Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Porchlight, Inc. under programs of the federal government for the year ended December 31, 2013. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Porchlight, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Porchlight, Inc.

##### Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

<b>Provider Name:</b>	Porchlight, Inc	<b>Contract #:</b>	82263	<b>*Provider Certified By:</b>	1/24/2014
<b>Program Name:</b>	Drop-In Shelter	<b>Program Group #:</b>	8065		<b>Date</b>

	<b>1 Approved County-Funded Budget</b>	<b>2 YTD County-Funded Admin Expense</b>	<b>3 YTD County-Funded Program Expense</b>	<b>4 YTD County-Funded Expense Total (= Col. 2 + 3)</b>	<b>5 YTD County-Funded Budget</b>	<b>6 YTD % Variance from Budget</b>
<b>A. PERSONNEL</b>						
Salaries	40,878		39,789	39,789	40,878	
Taxes	4,201		4,246	4,246	4,201	
Benefits	5,225		6,269	6,269	5,225	
<b>Subtotal A</b>	<b>50,304</b>	<b>0</b>	<b>50,304</b>	<b>50,304</b>	<b>50,304</b>	<b>0.00%</b>
<b>B. OPERATING</b>						
Insurance				0		
Professional Fees				0		
Audit				0		
Data Processing Fees				0		
Postage, Office, and Program Supplies				0		
Equipment/Furnishings				0		
Depreciation				0		
Telephone				0		
Training/Conference				0		
Food/Household Supplies				0		
Auto Allowance				0		
Vehicle Costs				0		
Other1:				0		
Other2:				0		
<b>Subtotal B</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>#DIV/0!</b>
<b>C. SPACE</b>						
Rent				0		
Utilities				0		
Maintenance				0		
Mortgage Interest, Depreciation,				0		
Property Taxes				0		
<b>Subtotal C</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>#DIV/0!</b>
<b>D. SPECIAL COSTS</b>						
Assistance to Individuals				0		
<b>Subtotal D</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>#DIV/0!</b>
<b>E. OTHER</b>						
Other3:				0		
Other4:				0		
<b>Subtotal E</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>#DIV/0!</b>
<b>This section for Adult - DD only.</b>						
<b>F. OFF-SETTING REVENUE</b>						
Show as negative numbers:						
Government Benefits (SSI, SSDI, etc.)				0		
Private Pay (Trust Funds, etc.)				0		
Cost Share				0		
Other				0		
<b>Subtotal F</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>#DIV/0!</b>
<b>TOTAL A THROUGH F</b>	<b>50,304</b>	<b>0</b>	<b>50,304</b>	<b>50,304</b>	<b>50,304</b>	<b>0.00%</b>

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

<b>Provider Name:</b>	Porchlight, Inc	<b>Contract #:</b>	82263	<b>*Provider Certified By:</b>	2/10/2014
<b>Program Name:</b>	Emergency Shelter	<b>Program Group #:</b>	8066		<b>Date</b>

	<b>1 Approved County-Funded Budget</b>	<b>2 YTD County-Funded Admin Expense</b>	<b>3 YTD County-Funded Program Expense</b>	<b>4 YTD County-Funded Expense Total (= Col. 2 + 3)</b>	<b>5 YTD County-Funded Budget</b>	<b>6 YTD % Variance from Budget</b>
<b>A. PERSONNEL</b>						
Salaries	75,286	7,277	68,201	75,478	75,286	
Taxes	7,740	767	7,300	8,067	7,740	
Benefits	9,461	1,016	7,926	8,942	9,461	
<b>Subtotal A</b>	<b>92,487</b>	<b>9,060</b>	<b>83,427</b>	<b>92,487</b>	<b>92,487</b>	<b>0.00%</b>
<b>B. OPERATING</b>						
Insurance				0		
Professional Fees				0		
Audit				0		
Data Processing Fees				0		
Postage, Office, and Program Sup	3,000		2,944	2,944	3,000	
Equipment/Furnishings				0		
Depreciation				0		
Telephone	310		1,327	1,327	310	
Training/Conference				0		
Food/Household Supplies	3,827		3,826	3,826	3,827	
Auto Allowance				0		
Vehicle Costs	3,997		3,037	3,037	3,997	
Other1:				0		
Other2:				0		
<b>Subtotal B</b>	<b>11,134</b>	<b>0</b>	<b>11,134</b>	<b>11,134</b>	<b>11,134</b>	<b>0.00%</b>
<b>C. SPACE</b>						
Rent				0		
Utilities				0		
Maintenance	0			0		
Mortgage Interest, Depreciation,				0		
Property Taxes				0		
<b>Subtotal C</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>#DIV/0!</b>
<b>D. SPECIAL COSTS</b>						
Assistance to Individuals	1,000		1,000	1,000	1,000	
<b>Subtotal D</b>	<b>1,000</b>	<b>0</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>0.00%</b>
<b>E. OTHER</b>						
Other3:				0		
Other4:				0		
<b>Subtotal E</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>#DIV/0!</b>
<b>This section for Adult - DD only.</b>						
<b>F. OFF-SETTING REVENUE</b>						
Show as negative numbers:						
Government Benefits (SSI, SSDI, etc.)				0		
Private Pay (Trust Funds, etc.)				0		
Cost Share				0		
Other				0		
<b>Subtotal F</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>#DIV/0!</b>
<b>TOTAL A THROUGH F</b>	<b>104,621</b>	<b>9,060</b>	<b>95,561</b>	<b>104,621</b>	<b>104,621</b>	<b>0.00%</b>

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

<b>Provider Name:</b>	Porchlight, Inc	<b>Contract #:</b>	82263	<b>*Provider Certified By:</b>	1/24/2014
<b>Program Name:</b>	Housing Services	<b>Program Group #:</b>	8068		<b>Date</b>

	<b>1 Approved County-Funded Budget</b>	<b>2 YTD County-Funded Admin Expense</b>	<b>3 YTD County-Funded Program Expense</b>	<b>4 YTD County-Funded Expense Total (= Col. 2 + 3)</b>	<b>5 YTD County-Funded Budget</b>	<b>6 YTD % Variance from Budget</b>
<b>A. PERSONNEL</b>						
Salaries	16,627		16,012	16,012	16,627	
Taxes	1,399		1,705	1,705	1,399	
Benefits	7,013		7,322	7,322	7,013	
<b>Subtotal A</b>	<b>25,039</b>	<b>0</b>	<b>25,039</b>	<b>25,039</b>	<b>25,039</b>	<b>0.00%</b>
<b>B. OPERATING</b>						
Insurance				0		
Professional Fees				0		
Audit				0		
Data Processing Fees				0		
Postage, Office, and Program Supplies				0		
Equipment/Furnishings				0		
Depreciation				0		
Telephone				0		
Training/Conference				0		
Food/Household Supplies				0		
Auto Allowance				0		
Vehicle Costs				0		
Other1:				0		
Other2:				0		
<b>Subtotal B</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>#DIV/0!</b>
<b>C. SPACE</b>						
Rent				0		
Utilities				0		
Maintenance				0		
Mortgage Interest, Depreciation,				0		
Property Taxes				0		
<b>Subtotal C</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>#DIV/0!</b>
<b>D. SPECIAL COSTS</b>						
Assistance to Individuals				0		
<b>Subtotal D</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>#DIV/0!</b>
<b>E. OTHER</b>						
Other3:				0		
Other4:				0		
<b>Subtotal E</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>#DIV/0!</b>
<b>This section for Adult - DD only.</b>						
<b>F. OFF-SETTING REVENUE</b>						
<b>Show as negative numbers:</b>						
Government Benefits (SSI, SSDI, etc.)				0		
Private Pay (Trust Funds, etc.)				0		
Cost Share				0		
Other				0		
<b>Subtotal F</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>#DIV/0!</b>
<b>TOTAL A THROUGH F</b>	<b>25,039</b>	<b>0</b>	<b>25,039</b>	<b>25,039</b>	<b>25,039</b>	<b>0.00%</b>

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

<b>Provider Name:</b>	Porchlight, Inc	<b>Contract #:</b>	82317	<b>*Provider Certified By:</b>	1/24/2014
<b>Program Name:</b>	Outreach Prevention	<b>Program Group #:</b>	1336		<b>Date</b>

	<b>1 Approved County-Funded Budget</b>	<b>2 YTD County-Funded Admin Expense</b>	<b>3 YTD County-Funded Program Expense</b>	<b>4 YTD County-Funded Expense Total (= Col. 2 + 3)</b>	<b>5 YTD County-Funded Budget</b>	<b>6 YTD % Variance from Budget</b>
<b>A. PERSONNEL</b>						
Salaries	20,306		21,735	21,735	20,306	
Taxes	2,131		2,319	2,319	2,131	
Benefits	3,690		2,073	2,073	3,690	
<b>Subtotal A</b>	<b>26,127</b>	<b>0</b>	<b>26,127</b>	<b>26,127</b>	<b>26,127</b>	<b>0.00%</b>
<b>B. OPERATING</b>						
Insurance				0		
Professional Fees				0		
Audit				0		
Data Processing Fees				0		
Postage, Office, and Program Supplies				0		
Equipment/Furnishings				0		
Depreciation				0		
Telephone				0		
Training/Conference				0		
Food/Household Supplies				0		
Auto Allowance				0		
Vehicle Costs				0		
Other1:				0		
Other2:				0		
<b>Subtotal B</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>#DIV/0!</b>
<b>C. SPACE</b>						
Rent				0		
Utilities				0		
Maintenance				0		
Mortgage Interest, Depreciation,				0		
Property Taxes				0		
<b>Subtotal C</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>#DIV/0!</b>
<b>D. SPECIAL COSTS</b>						
Assistance to Individuals				0		
<b>Subtotal D</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>#DIV/0!</b>
<b>E. OTHER</b>						
Other3:				0		
Other4:				0		
<b>Subtotal E</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>#DIV/0!</b>
<b>This section for Adult - DD only.</b>						
<b>F. OFF-SETTING REVENUE</b>						
<b>Show as negative numbers:</b>						
Government Benefits (SSI, SSDI, etc.)				0		
Private Pay (Trust Funds, etc.)				0		
Cost Share				0		
Other				0		
<b>Subtotal F</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>#DIV/0!</b>
<b>TOTAL A THROUGH F</b>	<b>26,127</b>	<b>0</b>	<b>26,127</b>	<b>26,127</b>	<b>26,127</b>	<b>0.00%</b>

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

<b>Provider Name:</b>	Porchlight, Inc.	<b>Contract #:</b>	82317	<b>*Provider Certified By:</b>	1/24/2014
<b>Program Name:</b>	School Road CBRF	<b>Program Group #:</b>	4508		<b>Date</b>

	<b>1 Approved County-Funded Budget</b>	<b>2 YTD County-Funded Admin Expense</b>	<b>3 YTD County-Funded Program Expense</b>	<b>4 YTD County-Funded Expense Total (= Col. 2 + 3)</b>	<b>5 YTD County-Funded Budget</b>	<b>6 YTD % Variance from Budget</b>
<b>A. PERSONNEL</b>						
Salaries	15,582		16,225	16,225	15,582	
Taxes	1,405		1,731	1,731	1,405	
Benefits	4,013		3,044	3,044	4,013	
<b>Subtotal A</b>	<b>21,000</b>	<b>0</b>	<b>21,000</b>	<b>21,000</b>	<b>21,000</b>	<b>0.00%</b>
<b>B. OPERATING</b>						
Insurance	2,650		2,683	2,683	2,650	
Professional Fees				0		
Audit				0		
Data Processing Fees				0		
Postage, Office, and Program Supplies				0		
Equipment/Furnishings				0		
Depreciation				0		
Telephone	450		876	876	450	
Training/Conference	400		385	385	400	
Food/Household Supplies	13,100		12,656	12,656	13,100	
Auto Allowance				0		
Vehicle Costs				0		
Other1:				0		
Other2:				0		
<b>Subtotal B</b>	<b>16,600</b>	<b>0</b>	<b>16,600</b>	<b>16,600</b>	<b>16,600</b>	<b>0.00%</b>
<b>C. SPACE</b>						
Rent	7,400		7,400	7,400	7,400	
Utilities	4,900		4,337	4,337	4,900	
Maintenance	3,500		4,094	4,094	3,500	
Mortgage Interest, Depreciation,	3,800		3,769	3,769	3,800	
Property Taxes				0		
<b>Subtotal C</b>	<b>19,600</b>	<b>0</b>	<b>19,600</b>	<b>19,600</b>	<b>19,600</b>	<b>0.00%</b>
<b>D. SPECIAL COSTS</b>						
Assistance to Individuals	980		980	980	980	
<b>Subtotal D</b>	<b>980</b>	<b>0</b>	<b>980</b>	<b>980</b>	<b>980</b>	<b>0.00%</b>
<b>E. OTHER</b>						
Other3:				0		
Other4:				0		
<b>Subtotal E</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>#DIV/0!</b>
<b>This section for Adult - DD only.</b>						
<b>F. OFF-SETTING REVENUE</b>						
Show as negative numbers:						
Government Benefits (SSI, SSDI, etc.)				0		
Private Pay (Trust Funds, etc.)				0		
Cost Share				0		
Other				0		
<b>Subtotal F</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>#DIV/0!</b>
<b>TOTAL A THROUGH F</b>	<b>58,180</b>	<b>0</b>	<b>58,180</b>	<b>58,180</b>	<b>58,180</b>	<b>0.00%</b>

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

## SCHEDULE OF PROFIT AND LOSS for Multifamily Projects

Project Name: Broadview		Project Number: 011/001795		
Period Beginning: 01/01/13 thru: 12/31/13		Year: 2013		
	Description of Account	Acct. No.	Amount	Totals
5100 RENTAL REVENUE	Rent Revenue - Gross Potential	5120	249,221	
	Tenant Assistance Payments	5121		
	Rent Revenue - Commercial/Stores @ 100%	5140		
	Rent Revenue - Garage/Parking @ 100%	5170		
	Flexible Subsidy Revenue	5180		
	Miscellaneous Rent Revenue	5190		
	Excess Rent	5191		
	Rent Revenue/Insurance	5192		
	Special Claims Revenue	5193		
	Retained Excess Income	5194		
	Total Rent Revenue Potential	5100		249,221
5200 VACANCIES	Apartment Vacancies	5220	25,556	
	Stores/Commercial Vacancies or Concessions	5240		
	Rental Concessions	5250		
	Garage/Parking Vacancies or Concessions	5270		
	Miscellaneous	5290		
	Total Vacancies or Concessions	5200		25,556
	Net Rental Revenue (Rent Revenue less Vacancies)	5152		223,665
5300	Total Service Income	5300		0
5400 FINANCIAL REVENUE	Financial Revenue - Project Operations	5410		
	Revenue from Investments-Residual Receipts	5430		
	Revenue from Investments-Replacement Reserve	5440	927	
	Revenue from Investments-Miscellaneous	5490		
	Total Financial Revenue	5400		927
5900 MISC. REVENUE	Laundry/Vending Income (Net)	5910		
	Tenant Charges	5920		
	Miscellaneous Revenue	5990	654	
	Total Miscellaneous Revenue	5900		654
	Total Revenue	5000		225,246
6200 RENT EXPENSE	Conventions and Meetings	6203		
	Management Consultants	6204		
	Advertising/Marketing Expense	6210		
	Other Rent Expense	6250	(217)	
	Total Rent Expense		(217)	
6300 ADMIN. EXPENSES	Office Salaries	6310		
	Office Expenses	6311		
	Office or Model Apartment Rent	6312		
	Management Fee - Residential Rents	6320		
	Management Fee - Commercial Rents	6321		
	Management Fee - Miscellaneous Income	6322		
	Manager/Superintendent Salaries	6330		
	Administrative Rent-free Unit	6331		
	Legal Expense-project only	6340		
	Audit Expense-project only	6350		
	Bookkeeping Fees/Accounting Services	6351		
	Bad Debt Expense	6370	2,017	
	Miscellaneous Administrative Expense	6390	98,379	
	Total Administrative Expense		100,396	
6200 + 6300	Total Rent & Administrative Expense	6263		100,179
6400 UTILITIES EXPENSE	Fuel Oil	6420		
	Electricity	6450	21,670	
	Water	6451		
	Gas	6452		
	Sewer	6453		
	Total Utilities Expense	6400		21,670



	Description of Account	Acct. No.	Amount	Totals
6500 OPERATING & MAINTENANCE EXPENSE	Payroll	6510	23,698	
	Supplies	6515	0	
	Contracts	6520		
	Operating and Maintenance Rent Free Unit	6521		
	Garbage & Trash Removal	6525		
	Security Payroll/Contract (incl. taxes and benefits)	6530		
	Security Rent Free Unit	6531		
	Heating/Cooling Repairs & Maintenance	6546		
	Snow Removal	6548		
	Vehicle/Maintenance Equipment Operation & Repairs	6570		
	Misc. Operating & Maintenance Expense	6590	35,528	
	Total Operating & Maintenance Expense	6500		59,226
6900	Total Service Expense	6900		0
6700 TAXES AND INSURANCE	Real Estate & Personal Property Taxes	6710	1,212	
	Payroll Taxes (Project's Share)	6711		
	Property & Liability Insurance (Hazard)	6720	8,186	
	Fidelity Bond Insurance	6721		
	Workmen's Compensation	6722		
	Health Insurance and Other Employee Benefits	6723		
	Miscellaneous Taxes, Licenses, Permits and Insurance	6790		
	Total Taxes and Insurance	6700		9,398
3220	Replacement Reserve Deposits as Required by WHEDA	3220		8,400
	Total Operating Expenses			198,873
	Net Operating Income (NOI)			26,373
6800 FINANCIAL EXPENSE	Interest on Mortgage Payable	6820	36,726	
	Interest on Notes Payable (Long Term)	6830		
	Interest on Notes Payable (Short Term)	6840		
	Mortgage Insurance Premium/Service Charge	6850		
	Miscellaneous Financial Expense/Preservation Fee	6890		
	Total Financial Expense	6800		36,726
	Total Expenses of Operations Before Depreciation	6000		235,599
	Profit or (Loss) Before Depreciation	5060		(10,353)
6600	Depreciation Expense (Total)	6601		50,705
	Amortization Expense	6610		
	Operating Profit or Loss	5060		(61,058)
7100 CORPORATE OR MORTGAGOR EXPENSE	Officer's Salaries	7110		
	Legal Expense	7120		
	Federal, State and Other Income Taxes	7130		
	Interest Income	7140		
	Interest on Notes Payable	7141		
	Interest on Mortgage Payable	7142		
	Other Expense	7190		
	Net Entity Expenses	7100		0
	NET PROFIT OR (LOSS)	3250		(61,058)
TOTAL PRINCIPAL PAYMENTS	WHEDA First Mortgage	9910		27,095
	Second Mortgage	9911		
	Other Mortgage(s)	9912		
	Reserve releases to reimburse items expensed on this schedule.	9920		0
	Capital expenditures paid from project operations and expensed on this schedule.	9930		

## SCHEDULE OF PROFIT AND LOSS for Multifamily Projects

Project Name: Citywide Housing		Project Number: 011/001167			
Period Beginning: 01/01/13 thru: 12/31/13		Year: 2013			
	Description of Account	Acct. No.	Amount	Totals	
5100 RENTAL REVENUE	Rent Revenue - Gross Potential	5120	108,651		
	Tenant Assistance Payments	5121			
	Rent Revenue - Commercial/Stores @ 100%	5140			
	Rent Revenue - Garage/Parking @ 100%	5170			
	Flexible Subsidy Revenue	5180			
	Miscellaneous Rent Revenue	5190			
	Excess Rent	5191			
	Rent Revenue/Insurance	5192			
	Special Claims Revenue	5193			
	Retained Excess Income	5194			
	Total Rent Revenue Potential	5100			108,651
5200 VACANCIES	Apartment Vacancies	5220	9,398		
	Stores/Commercial Vacancies or Concessions	5240			
	Rental Concessions	5250			
	Garage/Parking Vacancies or Concessions	5270			
	Miscellaneous	5290			
	Total Vacancies or Concessions	5200			9,398
	Net Rental Revenue (Rent Revenue less Vacancies)	5152			99,253
5300	Total Service Income	5300			0
5400 FINANCIAL REVENUE	Financial Revenue - Project Operations	5410			
	Revenue from Investments-Residual Receipts	5430			
	Revenue from Investments-Replacement Reserve	5440	1,514		
	Revenue from Investments-Miscellaneous	5490			
	Total Financial Revenue	5400			1,514
5900 MISC. REVENUE	Laundry/Vending Income (Net)	5910			
	Tenant Charges	5920			
	Miscellaneous Revenue	5990	49,593		
	Total Miscellaneous Revenue	5900			49,593
	Total Revenue	5000			150,360
6200 RENT EXPENSE	Conventions and Meetings	6203			
	Management Consultants	6204			
	Advertising/Marketing Expense	6210			
	Other Rent Expense	6250	7		
	Total Rent Expense				7
6300 ADMIN. EXPENSES	Office Salaries	6310			
	Office Expenses	6311			
	Office or Model Apartment Rent	6312			
	Management Fee - Residential Rents	6320			
	Management Fee - Commercial Rents	6321			
	Management Fee - Miscellaneous Income	6322			
	Manager/Superintendent Salaries	6330			
	Administrative Rent-free Unit	6331			
	Legal Expense-project only	6340			
	Audit Expense-project only	6350			
	Bookkeeping Fees/Accounting Services	6351			
	Bad Debt Expense	6370	7,265		
	Miscellaneous Administrative Expense	6390	61,625		
	Total Administrative Expense				68,890
	6200 + 6300	Total Rent & Administrative Expense	6263		
6400 UTILITIES EXPENSE	Fuel Oil	6420			
	Electricity	6450	20,318		
	Water	6451			
	Gas	6452			
	Sewer	6453			
	Total Utilities Expense	6400			20,318

	Description of Account	Acct. No.	Amount	Totals
6500 OPERATING & MAINTENANCE EXPENSE	Payroll	6510	13,314	
	Supplies	6515	0	
	Contracts	6520		
	Operating and Maintenance Rent Free Unit	6521		
	Garbage & Trash Removal	6525		
	Security Payroll/Contract (incl. taxes and benefits)	6530		
	Security Rent Free Unit	6531		
	Heating/Cooling Repairs & Maintenance	6546		
	Snow Removal	6548		
	Vehicle/Maintenance Equipment Operation & Repairs	6570		
	Misc. Operating & Maintenance Expense	6590	32,175	
	Total Operatng & Maintenance Expense	6500		45,489
	6900	Total Service Expense	6900	
6700 TAXES AND INSURANCE	Real Estate & Personal Property Taxes	6710		
	Payroll Taxes (Project's Share)	6711		
	Property & Liability Insurance (Hazard)	6720	5,893	
	Fidelity Bond Insurance	6721		
	Workmen's Compensation	6722		
	Health Insurance and Other Employee Benefits	6723		
	Miscellaneous Taxes, Licenses, Permits and Insurance	6790		
	Total Taxes and Insurance	6700		5,893
3220	Replacement Reserve Deposits as Required by WHEDA	3220		4,860
	Total Operatng Expenses			145,457
	Net Operatng Income (NOI)			4,903
6800 FINANCIAL EXPENSE	Interest on Mortgage Payable	6820	2,925	
	Interest on Notes Payable (Long Term)	6830		
	Interest on Notes Payable (Short Term)	6840		
	Mortgage Insurance Premium/Service Charge	6850		
	Miscellaneous Financial Expense/Preservation Fee	6890		
	Total Financial Expense	6800		2,925
	Total Expenses of Operatngs Before Depreciaton	6000		148,382
	Profit or (Loss) Before Depreciaton	5060		1,978
6600	Depreciation Expense (Total)	6601		16,325
	Amortization Expense	6610		
	Operating Profit or Loss	5060		(14,347)
7100 CORPORATE OR MORTGAGOR EXPENSE	Officer's Salaries	7110		
	Legal Expense	7120		
	Federal, State and Other Income Taxes	7130		
	Interest Income	7140		
	Interest on Notes Payable	7141		
	Interest on Mortgage Payable	7142		
	Other Expense	7190		
	Net Ently Expenses	7100		0
	NET PROFIT OR (LOSS)	3250		(14,347)
TOTAL PRINCIPAL PAYMENTS	WHEDA First Mortgage	9910		14,924
	Second Mortgage	9911		
	Other Mortgage(s)	9912		
	Reserve releases to reimburse items expensed on this schedule.	9920		0
	Capital expenditures paid from project operations and expensed on this schedule.	9930		

## SCHEDULE OF PROFIT AND LOSS for Multifamily Projects

Project Name: McKenna Boulevard

Project Number: 011/002687

Period Beginning: 01/01/13 thru: 12/31/13

Year: 2013

	Description of Account	Acct. No.	Amount	Totals
5100 RENTAL REVENUE	Rent Revenue - Gross Potential	5120	31,200	
	Tenant Assistance Payments	5121		
	Rent Revenue - Commercial/Stores @ 100%	5140		
	Rent Revenue - Garage/Parking @ 100%	5170		
	Flexible Subsidy Revenue	5180		
	Miscellaneous Rent Revenue	5190		
	Excess Rent	5191		
	Rent Revenue/Insurance	5192		
	Special Claims Revenue	5193		
	Retained Excess Income	5194		
	Total Rent Revenue Potential	5100		31,200
	5200 VACANCIES	Apartment Vacancies	5220	845
Stores/Commercial Vacancies or Concessions		5240		
Rental Concessions		5250		
Garage/Parking Vacancies or Concessions		5270		
Miscellaneous		5290		
Total Vacancies or Concessions		5200		845
	Net Rental Revenue (Rent Revenue less Vacancies)	5152		30,355
5300	Total Service Income	5300		0
5400 FINANCIAL REVENUE	Financial Revenue - Project Operations	5410		
	Revenue from Investments-Residual Receipts	5430		
	Revenue from Investments-Replacement Reserve	5440	81	
	Revenue from Investments-Miscellaneous	5490		
	Total Financial Revenue	5400		81
5900 MISC. REVENUE	Laundry/Vending Income (Net)	5910	0	
	Tenant Charges	5920		
	Miscellaneous Revenue	5990	0	
	Total Miscellaneous Revenue	5900		0
	Total Revenue	5000		30,436
6200 RENT EXPENSE	Conventions and Meetings	6203		
	Management Consultants	6204		
	Advertising/Marketing Expense	6210		
	Other Rent Expense	6250	0	
	Total Rent Expense		0	
6300 ADMIN. EXPENSES	Office Salaries	6310		
	Office Expenses	6311		
	Office or Model Apartment Rent	6312		
	Management Fee - Residential Rents	6320		
	Management Fee - Commercial Rents	6321		
	Management Fee - Miscellaneous Income	6322		
	Manager/Superintendent Salaries	6330		
	Administrative Rent-free Unit	6331		
	Legal Expense-project only	6340		
	Audit Expense-project only	6350		
	Bookkeeping Fees/Accounting Services	6351		
	Bad Debt Expense	6370	0	
	Miscellaneous Administrative Expense	6390	11,243	
	Total Administrative Expense		11,243	
6200 + 6300	Total Rent & Administrative Expense	6263		11,243
6400 UTILITIES EXPENSE	Fuel Oil	6420		
	Electricity	6450	1,909	
	Water	6451		
	Gas	6452		
	Sewer	6453		
	Total Utilities Expense	6400		1,909

	Description of Account	Acct. No.	Amount	Totals
6500 OPERATING & MAINTENANCE EXPENSE	Payroll	6510	1,468	
	Supplies	6515	0	
	Contracts	6520		
	Operating and Maintenance Rent Free Unit	6521		
	Garbage & Trash Removal	6525		
	Security Payroll/Contract (incl. taxes and benefits)	6530		
	Security Rent Free Unit	6531		
	Heating/Cooling Repairs & Maintenance	6546		
	Snow Removal	6548		
	Vehicle/Maintenance Equipment Operation & Repairs	6570		
	Misc. Operating & Maintenance Expense	6590	4,153	
	Total Operating & Maintenance Expense	6500		5,621
6900	Total Service Expense	6900		0
6700 TAXES AND INSURANCE	Real Estate & Personal Property Taxes	6710	0	
	Payroll Taxes (Project's Share)	6711		
	Property & Liability Insurance (Hazard)	6720	1,295	
	Fidelity Bond Insurance	6721		
	Workmen's Compensation	6722		
	Health Insurance and Other Employee Benefits	6723		
	Miscellaneous Taxes, Licenses, Permits and Insurance	6790		
	Total Taxes and Insurance	6700		1,295
3220	Replacement Reserve Deposits as Required by WHEDA	3220		1,000
	Total Operating Expenses			21,068
	Net Operating Income (NOI)			9,368
6800 FINANCIAL EXPENSE	Interest on Mortgage Payable	6820	4,378	
	Interest on Notes Payable (Long Term)	6830		
	Interest on Notes Payable (Short Term)	6840		
	Mortgage Insurance Premium/Service Charge	6850		
	Miscellaneous Financial Expense/Preservation Fee	6890		
	Total Financial Expense	6800		4,378
	Total Expenses of Operations Before Depreciation	6000		25,446
	Profit or (Loss) Before Depreciation	5060		4,990
6600	Depreciation Expense (Total)	6601		8,112
	Amortization Expense	6610		
	Operating Profit or Loss	5060		(3,122)
7100 CORPORATE OR MORTGAGOR EXPENSE	Officer's Salaries	7110		
	Legal Expense	7120		
	Federal, State and Other Income Taxes	7130		
	Interest Income	7140		
	Interest on Notes Payable	7141		
	Interest on Mortgage Payable	7142		
	Other Expense	7190		
	Net Entity Expenses	7100		0
	NET PROFIT OR (LOSS)	3250		(3,122)
TOTAL PRINCIPAL PAYMENTS	WHEDA First Mortgage	9910		5,935
	Second Mortgage	9911		
	Other Mortgage(s)	9912		
	Reserve releases to reimburse items expensed on this schedule.	9920		
	Capital expenditures paid from project operations and expensed on this schedule.	9930		

## SCHEDULE OF PROFIT AND LOSS for Multifamily Projects

Project Name: Spring Street (f/k/a Mills Street)		Project Number: 011/001762		
Period Beginning: 01/01/13 thru: 12/31/13		Year: 2013		
	Description of Account	Acct. No.	Amount	Totals
5100 RENTAL REVENUE	Rent Revenue - Gross Potential	5120	71,234	
	Tenant Assistance Payments	5121		
	Rent Revenue - Commercial/Stores @ 100%	5140		
	Rent Revenue - Garage/Parking @ 100%	5170		
	Flexible Subsidy Revenue	5180		
	Miscellaneous Rent Revenue	5190		
	Excess Rent	5191		
	Rent Revenue/Insurance	5192		
	Special Claims Revenue	5193		
	Retained Excess Income	5194		
	Total Rent Revenue Potential	5100		
5200 VACANCIES	Apartment Vacancies	5220	(15,552)	
	Stores/Commercial Vacancies or Concessions	5240		
	Rental Concessions	5250		
	Garage/Parking Vacancies or Concessions	5270		
	Miscellaneous	5290		
	Total Vacancies or Concessions	5200		
	Net Rental Revenue (Rent Revenue less Vacancies)	5152		86,786
5300	Total Service Income	5300		0
5400 FINANCIAL REVENUE	Financial Revenue - Project Operations	5410		
	Revenue from Investments-Residual Receipts	5430		
	Revenue from Investments-Replacement Reserve	5440	859	
	Revenue from Investments-Miscellaneous	5490		
	Total Financial Revenue	5400		
5900 MISC. REVENUE	Laundry/Vending Income (Net)	5910		
	Tenant Charges	5920		
	Miscellaneous Revenue	5990	141,052	
	Total Miscellaneous Revenue	5900		141,052
	Total Revenue	5000		228,697
6200 RENT EXPENSE	Conventions and Meetings	6203		
	Management Consultants	6204		
	Advertising/Marketing Expense	6210		
	Other Rent Expense	6250	8	
	Total Rent Expense			8
6300 ADMIN. EXPENSES	Office Salaries	6310		
	Office Expenses	6311		
	Office or Model Apartment Rent	6312		
	Management Fee - Residential Rents	6320		
	Management Fee - Commercial Rents	6321		
	Management Fee - Miscellaneous Income	6322		
	Manager/Superintendent Salaries	6330		
	Administrative Rent-free Unit	6331		
	Legal Expense-project only	6340		
	Audit Expense-project only	6350		
	Bookkeeping Fees/Accounting Services	6351		
	Bad Debt Expense	6370	7,337	
	Miscellaneous Administrative Expense	6390	30,004	
	Total Administrative Expense			37,341
6200 + 6300	Total Rent & Administrative Expense	6263		37,349
6400 UTILITIES EXPENSE	Fuel Oil	6420		
	Electricity	6450	27,492	
	Water	6451		
	Gas	6452		
	Sewer	6453		
	Total Utilities Expense	6400		

	Description of Account	Acct. No.	Amount	Totals
6500 OPERATING & MAINTENANCE EXPENSE	Payroll	6510	12,877	
	Supplies	6515	52,336	
	Contracts	6520		
	Operating and Maintenance Rent Free Unit	6521		
	Garbage & Trash Removal	6525		
	Security Payroll/Contract (incl. taxes and benefits)	6530		
	Security Rent Free Unit	6531		
	Heating/Cooling Repairs & Maintenance	6546		
	Snow Removal	6548		
	Vehicle/Maintenance Equipment Operation & Repairs	6570		
	Misc. Operating & Maintenance Expense	6590	61,581	
	Total Operating & Maintenance Expense	6500		126,794
6900	Total Service Expense	6900		0
6700 TAXES AND INSURANCE	Real Estate & Personal Property Taxes	6710		
	Payroll Taxes (Project's Share)	6711		
	Property & Liability Insurance (Hazard)	6720	4,511	
	Fidelity Bond Insurance	6721		
	Workmen's Compensation	6722		
	Health Insurance and Other Employee Benefits	6723		
	Miscellaneous Taxes, Licenses, Permits and Insurance	6790		
	Total Taxes and Insurance	6700		4,511
3220	Replacement Reserve Deposits as Required by WHEDA	3220		7,680
	Total Operating Expenses			203,826
	Net Operating Income (NOI)			24,871
6800 FINANCIAL EXPENSE	Interest on Mortgage Payable	6820	14,536	
	Interest on Notes Payable (Long Term)	6830		
	Interest on Notes Payable (Short Term)	6840		
	Mortgage Insurance Premium/Service Charge	6850		
	Miscellaneous Financial Expense/Preservation Fee	6890		
	Total Financial Expense	6800		14,536
	Total Expenses of Operations Before Depreciation	6000		218,362
	Profit or (Loss) Before Depreciation	5060		10,335
6600	Depreciation Expense (Total)	6601		43,420
	Amortization Expense	6610		
	Operating Profit or Loss	5060		(33,085)
7100 CORPORATE OR MORTGAGOR EXPENSE	Officer's Salaries	7110		
	Legal Expense	7120		
	Federal, State and Other Income Taxes	7130		
	Interest Income	7140		
	Interest on Notes Payable	7141		
	Interest on Mortgage Payable	7142		
	Other Expense	7190		
	Net Entity Expenses	7100		0
	NET PROFIT OR (LOSS)	3250		(33,085)
TOTAL PRINCIPAL PAYMENTS	WHEDA First Mortgage	9910		25,518
	Second Mortgage	9911		
	Other Mortgage(s)	9912		
	Reserve releases to reimburse items expensed on this schedule.	9920		
	Capital expenditures paid from project operations and expensed on this schedule.	9930		0

## SCHEDULE OF PROFIT AND LOSS for Multifamily Projects

Project Name: Pheasant Ridge Trail

Project Number: 011/002688

Period Beginning: 01/01/13 thru: 12/31/13

Year: 2013

	Description of Account	Acct. No.	Amount	Totals	
5100	Rent Revenue - Gross Potential	5120	55,000		
RENTAL REVENUE	Tenant Assistance Payments	5121			
	Rent Revenue - Commercial/Stores @ 100%	5140			
	Rent Revenue - Garage/Parking @ 100%	5170			
	Flexible Subsidy Revenue	5180			
	Miscellaneous Rent Revenue	5190			
	Excess Rent	5191			
	Rent Revenue/Insurance	5192			
	Special Claims Revenue	5193			
	Retained Excess Income	5194			
	Total Rent Revenue Potential	5100		55,000	
	5200	Apartment Vacancies	5220	660	
VACANCIES	Stores/Commercial Vacancies or Concessions	5240			
	Rental Concessions	5250			
	Garage/Parking Vacancies or Concessions	5270			
	Miscellaneous	5290			
	Total Vacancies or Concessions	5200		660	
	Net Rental Revenue (Rent Revenue less Vacancies)	5152		54,340	
5300	Total Service Income	5300		0	
5400	Financial Revenue - Project Operations	5410			
FINANCIAL REVENUE	Revenue from Investments-Residual Receipts	5430			
	Revenue from Investments-Replacement Reserve	5440	303		
	Revenue from Investments-Miscellaneous	5490			
	Total Financial Revenue	5400		303	
5900	Laundry/Vending Income (Net)	5910			
MISC. REVENUE	Tenant Charges	5920			
	Miscellaneous Revenue	5990	53,900		
	Total Miscellaneous Revenue	5900		53,900	
	Total Revenue	5000		108,543	
6200	Conventions and Meetings	6203			
RENT EXPENSE	Management Consultants	6204			
	Advertising/Marketing Expense	6210			
	Other Rent Expense	6250	0		
	Total Rent Expense		0		
6300	Office Salaries	6310			
ADMIN. EXPENSES	Office Expenses	6311			
	Office or Model Apartment Rent	6312			
	Management Fee - Residential Rents	6320			
	Management Fee - Commercial Rents	6321			
	Management Fee - Miscellaneous Income	6322			
	Manager/Superintendent Salaries	6330			
	Administrative Rent-free Unit	6331			
	Legal Expense-project only	6340			
	Audit Expense-project only	6350			
	Bookkeeping Fees/Accounting Services	6351			
	Bad Debt Expense	6370	0		
	Miscellaneous Administrative Expense	6390	47,562		
	Total Administrative Expense		47,562		
	6200 + 6300	Total Rent & Administrative Expense	6263		47,562
	6400	Fuel Oil	6420		
UTILITIES EXPENSE	Electricity	6450	12,424		
	Water	6451			
	Gas	6452			
	Sewer	6453			
	Total Utilities Expense	6400		12,424	



	Description of Account	Acct. No.	Amount	Totals
6500 OPERATING & MAINTENANCE EXPENSE	Payroll	6510	4,840	
	Supplies	6515	1,518	
	Contracts	6520		
	Operating and Maintenance Rent Free Unit	6521		
	Garbage & Trash Removal	6525		
	Security Payroll/Contract (incl. taxes and benefits)	6530		
	Security Rent Free Unit	6531		
	Heating/Cooling Repairs & Maintenance	6546		
	Snow Removal	6548		
	Vehicle/Maintenance Equipment Operation & Repairs	6570		
	Misc. Operating & Maintenance Expense	6590	20,142	
	<b>Total Operating &amp; Maintenance Expense</b>	<b>6500</b>		26,500
6900	<b>Total Service Expense</b>	<b>6900</b>		0
6700 TAXES AND INSURANCE	Real Estate & Personal Property Taxes	6710	850	
	Payroll Taxes (Project's Share)	6711		
	Property & Liability Insurance (Hazard)	6720	2,847	
	Fidelity Bond Insurance	6721		
	Workmen's Compensation	6722		
	Health Insurance and Other Employee Benefits	6723		
	Miscellaneous Taxes, Licenses, Permits and Insurance	6790		
	<b>Total Taxes and Insurance</b>	<b>6700</b>		3,697
3220	Replacement Reserve Deposits as Required by WHEDA	3220		4,000
	<b>Total Operating Expenses</b>			94,183
	<b>Net Operating Income (NOI)</b>			14,360
6800 FINANCIAL EXPENSE	Interest on Mortgage Payable	6820	7,392	
	Interest on Notes Payable (Long Term)	6830		
	Interest on Notes Payable (Short Term)	6840		
	Mortgage Insurance Premium/Service Charge	6850		
	Miscellaneous Financial Expense/Preservation Fee	6890		
	<b>Total Financial Expense</b>	<b>6800</b>		7,392
	<b>Total Expenses of Operations Before Depreciation</b>	<b>6000</b>		101,575
	<b>Profit or (Loss) Before Depreciation</b>	<b>5060</b>		6,968
6600	Depreciation Expense (Total)	6601		29,701
	Amortization Expense	6610		
	<b>Operating Profit or Loss</b>	<b>5060</b>		(22,733)
7100 CORPORATE OR MORTGAGOR EXPENSE	Officer's Salaries	7110		
	Legal Expense	7120		
	Federal, State and Other Income Taxes	7130		
	Interest Income	7140		
	Interest on Notes Payable	7141		
	Interest on Mortgage Payable	7142		
	Other Expense	7190		
	<b>Net Entity Expenses</b>	<b>7100</b>		0
	<b>NET PROFIT OR (LOSS)</b>	<b>3250</b>		(22,733)
TOTAL	WHEDA First Mortgage	9910		9,142
PRINCIPAL PAYMENTS	Second Mortgage	9911		
	Other Mortgage(s)	9912		
	Reserve releases to reimburse items expensed on this schedule.	9920		
	Capital expenditures paid from project operations and expensed on this sc	9930		



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

Board of Directors  
Porchlight, Inc.  
Madison, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Porchlight, Inc., which comprise the statement of financial position as of December 31, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 19, 2014.

### **Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

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

Wipfli LLP

Madison, Wisconsin

June 19, 2014



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

Board of Directors  
Porchlight, Inc.  
Madison, Wisconsin

### **Report on Compliance for Each Major Federal and State Program**

We have audited Porchlight, Inc.'s (a nonprofit organization) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *State Single Audit Guidelines*, issued by the State of Wisconsin Department of Administration that could have a direct and material effect on Porchlight Inc.'s major federal and state programs for the year ended December 31, 2013. Porchlight, Inc.'s major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management of Porchlight, Inc. is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for Porchlight, Inc.'s major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization*, and the *State Single Audit Guidelines*, issued by the State of Wisconsin Department of Administration. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about Porchlight, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

## Opinion on Each Major Federal and State Program

In our opinion, Porchlight, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal and state programs for the year ended December 31, 2013.

## Report on Internal Control Over Compliance

Management of Porchlight, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Porchlight, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Porchlight, Inc.'s internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. According, this report is not suitable for any other purpose.



Wipfli LLP

Madison, Wisconsin

June 19, 2014

# Porchlight, Inc.

## Schedule of Findings and Questioned Costs

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### **A. Summary of Auditor's Results**

1. The auditor's report expresses an unmodified opinion on the financial statements of Porchlight, Inc.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Porchlight, Inc. were disclosed during the audit.
4. No significant deficiencies were disclosed during the audit of the major federal award programs as reported in the Independent Auditor's Report on Compliance For Each Major Federal and State Program and Internal Control Over Compliance.
5. The auditor's report on compliance for major federal award programs for Porchlight, Inc. expresses an unmodified opinion.
6. There were no audit findings relative to the major federal and state award programs for Porchlight, Inc.
7. The programs tested as a major federal program were:
  - U.S. Department of Housing and Urban Development
    - Supportive Housing Program, CFDA #14.235
8. The program tested as a major state program was the Department of Health Services, Homeless Grant.
9. The threshold for distinguishing Federal Type A and B programs was \$300,000.
10. The threshold for distinguishing State Type A and B programs was \$100,000.
11. Porchlight, Inc. was determined to be a low-risk auditee.

### **B. Findings – Financial Statements Audit**

None

# Porchlight, Inc.

## Schedule of Findings and Questioned Costs

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### C. Findings and Questioned Costs – Major Federal Award Programs Audit

**Questioned Costs:** None

**Findings:** None

D. **Prior Year Findings:** None

### E. Other Issues

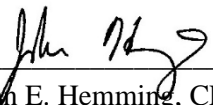
1. Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? No

2. Does the audit report show audit issues (i.e., material noncompliance, nonmaterial noncompliance, questioned costs, material weakness, reportable condition, management letter comment, excess revenue, or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:

- a. Department of Health Services No
- b. Department of Workforce Development N/A
- c. Department of Corrections N/A
- d. Department of Commerce No

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

4. Name and signature of partner in charge

  
\_\_\_\_\_  
John E. Hemming, CPA  
June 19, 2014

5. Date of report