

CDA 95-1
(A Business -Type Activity-Enterprise Fund of the
Community Development Authority of the City of Madison)

Financial Report

December 31, 2021

CDA 95-1

(A Business -Type Activity-Enterprise Fund of the Community Development Authority of the City of Madison)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Community Development Authority
of the City of Madison
CDA 95-1
Madison, WI

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of CDA 95-1, a business-type activity-enterprise fund of the Community Development Authority of the City of Madison, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise CDA 95-1's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CDA 95-1, a business-type activity-enterprise fund of the Community Development Authority of the City of Madison, as of December 31, 2021 and 2020, and the respective changes in financial position, and where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CDA 95-1 and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note A, the financial statements present only the CDA 95-1 fund, a business-type activity-enterprise fund of the Community Development Authority of the City of Madison, and do not purport to, and do not, present fairly the financial position of the Community Development Authority of the City of Madison as of December 31, 2021 and 2020, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CDA 95-1's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CDA 95-1's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CDA 95-1's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise CDA 95-1's basic financial statements. The accompanying supplementary information required by the Wisconsin Housing and Economic Development Authority (WHEDA) is 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

SVA Certified Public Accountants, S.C.

Madison, Wisconsin

April 19, 2022

Lead auditor: Lynn Heslinga, CPA
SVA Certified Public Accountants, S.C.
ID #39-1203191
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CDA 95-1

(A Business-Type Activity-Enterprise Fund of the Community Development Authority of the City of Madison)

STATEMENTS OF NET POSITION

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 79,863	\$ 89,412
Restricted cash	198,022	206,969
Accounts receivable	<u>8,091</u>	<u>11,621</u>
Total Current Assets	285,976	308,002
Noncurrent Assets		
Net Capital Assets	1,026,926	1,041,801
Deposit	<u>3,500</u>	<u>3,500</u>
Total Noncurrent Assets	<u>1,030,426</u>	<u>1,045,301</u>
TOTAL ASSETS	<u>\$ 1,316,402</u>	<u>\$ 1,353,303</u>
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 5,402	\$ 9,401
Accrued expenses	9,954	2,757
Accrued PILOT	10,000	10,000
Accrued interest	69,125	51,875
Unearned revenue	13,284	6,679
Tenants' security deposits payable	23,079	23,356
Current portion of long-term debt	<u>505,857</u>	<u>98,789</u>
Total Current Liabilities	636,701	202,857
Long-Term Liabilities		
Mortgage notes payable, net of current maturities	85,000	590,723
NET POSITION		
Net investment in capital assets	436,069	352,289
Unrestricted	<u>158,632</u>	<u>207,434</u>
Total Net Position	<u>594,701</u>	<u>559,723</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 1,316,402</u>	<u>\$ 1,353,303</u>

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

CDA 95-1

(A Business-Type Activity-Enterprise Fund of the Community Development Authority of the City of Madison)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating revenues:		
Rental income	\$ 318,929	\$ 313,164
Vacancies and concessions	0	(1,431)
Other revenues	<u>4,932</u>	<u>4,472</u>
Total operating revenues	323,861	316,205
Operating expenses:		
Rent and administrative	47,687	46,330
Utilities	26,347	23,708
Operating and maintenance	98,673	92,464
PILOT, taxes and insurance	38,486	14,544
Depreciation	<u>56,535</u>	<u>58,905</u>
Total operating expenses	<u>267,728</u>	<u>235,951</u>
Operating income	56,133	80,254
Non-operating revenues (expenses)		
Interest income	223	1,224
Interest expense	<u>(21,378)</u>	<u>(25,240)</u>
Total non-operating revenues (expenses)	<u>(21,155)</u>	<u>(24,016)</u>
Change in net position	34,978	56,238
Net position, beginning	<u>559,723</u>	<u>503,485</u>
Net position, ending	<u>\$ 594,701</u>	<u>\$ 559,723</u>

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

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(A Business-Type Activity-Enterprise Fund of the Community Development Authority of the City of Madison)

STATEMENTS OF CASH FLOWS

Years ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from customers	\$ 333,719	\$ 320,872
Paid to suppliers for goods and services	(207,995)	(172,011)
Net cash provided by operating activities	125,724	148,861
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Debt retired	(98,655)	(94,794)
Interest paid	(4,128)	(7,990)
Acquisition of capital assets	(41,660)	0
Net cash used in financing activities	(144,443)	(102,784)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	223	1,224
Change in cash and cash equivalents	(18,496)	47,301
Cash and cash equivalents:		
Beginning	296,381	249,080
Ending	\$ 277,885	\$ 296,381
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION		
Cash and cash equivalents	\$ 79,863	\$ 89,412
Restricted cash	198,022	206,969
Cash and cash equivalents, ending	\$ 277,885	\$ 296,381
RECONCILIATION OF CHANGE IN OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 56,133	\$ 80,254
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	56,535	58,905
Change in assets and liabilities:		
Accounts receivable	3,530	287
Accounts payable	(3,999)	4,746
Accrued expenses	7,197	289
Unearned revenue	6,605	4,270
Tenants' security deposits payable	(277)	110
Net cash provided by operating activities	\$ 125,724	\$ 148,861

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

CDA 95-1

(A Business -Type Activity-Enterprise Fund of the Community Development Authority of the City of Madison)
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE A -- Summary of significant accounting policies

Reporting entity

CDA 95-1 (the fund) is a business-type activity-enterprise fund of the Community Development Authority of the City of Madison (CDA). The CDA is a component unit of the City of Madison. The fund consists of a 29-unit, low-income housing project called The Reservoir and a 2-unit, low-income housing project called Two Flats, located in Madison, Wisconsin, and was placed in service in 1987.

Measurement focus, basis of accounting and basis of presentation

The financial statements of the fund have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the fund are described below.

The accounts of the fund are organized and operated on the basis of a proprietary fund.

The fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's operations. The principal operating revenues of the fund include activities that have characteristics of exchange transactions, mainly rental income. Operating expenses for the fund include the cost of services provided, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Non-operating revenue includes activities that have characteristics of non-exchange transactions such as most federal, state, and local grants and subsidies. Non-operating revenue also includes interest income.

Proprietary Fund - The proprietary fund is an *Enterprise Fund* used to account for those operations that are financed and operated in a manner similar to private business or where the CDA has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Enterprise Funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. All assets and liabilities associated with the operation of this fund are included on the statement of net position. The enterprise fund is used to account for the activities of the low-rent housing program. Under the low-rent housing program, the CDA owns and operates housing units. Financing for the acquisition and rehabilitation of this property was obtained through long-term debt issues. The operations and maintenance are funded principally through tenant rent.

Use of estimates

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

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NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE A -- Summary of significant accounting policies (Continued)

Cash and cash equivalents

For purposes of reporting cash flows, the fund considers all investments purchased with a maturity of three months or less to be cash equivalents, with the exception of cash not available to the fund due to restrictions placed on it.

Accounts receivable and revenue recognition

The fund utilizes the direct write-off method of accounting for bad debts. The use of this method has no material effect on the financial statements.

Accounts receivable are not interest bearing. A receivable is considered past due if payments have not been received by the fund after 5 days. Accounts receivable are written-off when management determines an account is uncollectible, based on its history of past write-offs, collections, and current credit conditions. Accounts receivable are written-off only after the tenant vacates the unit. A late payment fee of \$30 or \$35 is charged for accounts 5 days past due.

Rental revenue is recognized when earned. The fund leases apartments to eligible applicants under operating leases which are substantially all on a yearly basis. Other revenue consists of various tenant charges and other services and is recognized when the service is complete.

Capital assets

Capital assets are stated at cost. Depreciation of capital assets is computed using straight-line and declining-balance methods based upon the following estimated useful lives of the assets:

	<u>Years</u>
Land improvements	15
Buildings and improvements	27.5 - 40
Furnishings and equipment	5 - 7

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

All purchases of capital assets in excess of \$5,000, and/or extends the useful life will be capitalized.

Impairment of long-lived assets

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

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NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE A -- Summary of significant accounting policies (Continued)

Net position

The fund's net position is subdivided into two categories: 1) net investment in capital assets, and 2) unrestricted. Each component of net position is reported separately on the statements of net position. Net investment in capital assets represents the balance of land, land improvements, buildings and improvements, and furnishings and equipment less accumulated depreciation, net of any related debt incurred in the acquisition of capital assets. The remaining net position, not related to capital assets, is reported as unrestricted.

Subsequent events

These financial statements have not been updated for subsequent events occurring after April 19, 2022, which is the date these financial statements were available to be issued. The fund has no responsibility to update these financial statements for events and circumstances occurring after this date.

NOTE B -- Cash and cash equivalents and restricted cash

The fund's cash and cash equivalents and restricted cash as of December 31, 2021 were comprised of the following:

	<u>Carrying Value</u>	<u>Bank Balance</u>	<u>Associated Risks</u>
Deposits	\$ 103,115	\$ 103,027	Custodial credit risk
Cash held by WHEDA	<u>174,770</u>	<u>174,770</u>	N/A
Total cash and cash equivalents and restricted cash	<u>\$ 277,885</u>	<u>\$ 277,797</u>	

Reconciliation to financial statements:

Per statement of net position

Cash and cash equivalents	\$ 79,863
Restricted cash – tenants' security deposits	23,252
Restricted cash – replacement reserve	<u>174,770</u>

Total cash and cash equivalents and restricted cash \$ 277,885

CDA 95-1

(A Business -Type Activity-Enterprise Fund of the Community Development Authority of the City of Madison)
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE B -- Cash and cash equivalents and restricted cash (Continued)

The fund's cash and cash equivalents and restricted cash as of December 31, 2020 were comprised of the following:

	<u>Carrying Value</u>	<u>Bank Balance</u>	<u>Associated Risks</u>
Deposits	\$ 112,662	\$ 110,965	Custodial credit risk
Cash held by WHEDA	<u>\$ 183,719</u>	<u>183,719</u>	N/A
Total cash and cash equivalents and restricted cash	<u>\$ 296,381</u>	<u>\$ 294,684</u>	

Reconciliation to financial statements:

Per statement of net position

Cash and cash equivalents	\$ 89,412
Restricted cash – tenants' security deposits	23,250
Restricted cash – replacement reserve	<u>183,719</u>

Total cash and cash equivalents and restricted cash \$ 296,381

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts, which, at times, may exceed federally insured limits. The fund has not experienced any losses in such accounts. Management believes it is not exposed to any significant risk on cash and cash equivalents.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered in computing custodial credit risk.

Custodial credit risk

Deposits – Custodial credit risk is the risk that in the event of a financial institution failure, the fund's deposits may not be returned to the fund.

As of December 31, 2021 and 2020, none of the fund's total bank balance of \$277,797 and \$294,684, respectively, was exposed to custodial credit risk as uninsured and uncollateralized.

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(A Business -Type Activity-Enterprise Fund of the Community Development Authority of the City of Madison)
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE B -- Cash and cash equivalents and restricted cash (Continued)

Replacement reserve

In connection with the WHEDA mortgage note described in Note D, the fund has entered into a replacement reserve and security agreement with WHEDA that requires the fund to make monthly deposits of \$583 (or such amount as may be required by WHEDA pursuant to the agreement) into a replacement reserve. Withdrawals from the reserve require the consent of WHEDA.

As discussed in Note F, WHEDA requires the fund to remit one-half of all cash remaining, if any, after the establishment of all required escrows and reserves and the payment of all expenses to the reserve for replacements on an annual basis.

NOTE C -- Capital assets, net

The balance of and changes in capital assets as of and for the year ended December 31, 2021 is summarized as follows:

	December 31, 2020	Additions	Deletions	December 31, 2021
Capital assets not being depreciated				
Land	\$ 241,689	\$ 0	\$ 0	\$ 241,689
Total capital assets not being depreciated	241,689	0	0	241,689
Capital assets being depreciated:				
Buildings and improvements	1,842,302	41,660	0	1,883,962
Land improvements	35,495	0	0	35,495
Furniture and equipment	126,037	0	0	126,037
Total capital assets being depreciated	2,003,834	41,660	0	2,045,494
Accumulated depreciation	(1,203,722)	(56,535)	0	(1,260,257)
Total capital assets being depreciated, net	800,112	(14,875)	0	785,237
Total capital assets, net	<u>\$ 1,041,801</u>	<u>\$ (14,875)</u>	<u>\$ 0</u>	<u>\$ 1,026,926</u>

CDA 95-1

(A Business -Type Activity-Enterprise Fund of the Community Development Authority of the City of Madison)
NOTES TO FINANCIAL STATEMENTS
 December 31, 2021

NOTE C -- Capital assets, net (Continued)

The balance of and changes in capital assets as of and for the year ended December 31, 2020 is summarized as follows:

	December 31, 2019	Additions	Deletions	December 31, 2020
Capital assets not being depreciated				
Land	\$ 241,689	\$ 0	\$ 0	\$ 241,689
Total capital assets not being depreciated	241,689	0	0	241,689
Capital assets being depreciated:				
Buildings and improvements	1,842,302	0	0	1,842,302
Land improvements	35,495	0	0	35,495
Furniture and equipment	126,037	0	0	126,037
Total capital assets being depreciated	2,003,834	0	0	2,003,834
Accumulated depreciation	(1,144,817)	(58,905)	0	(1,203,722)
Total capital assets being depreciated, net	859,017	(58,905)	0	800,112
Total capital assets, net	\$ 1,100,706	\$ (58,905)	\$ 0	\$ 1,041,801

NOTE D -- Long-term debt

	Beginning Balance 2020	Increases	Decreases	Ending Balance 2021	Amounts Due Within One Year
Mortgage notes payable:					
WHEDA	\$ 148,083	\$ 0	\$ 98,655	\$ 49,428	\$ 49,428
WHEDA WRAP	111,429	0	0	111,429	111,429
UDAG	345,000	0	0	345,000	345,000
Section 17	85,000	0	0	85,000	0
Total long-term debt	\$ 689,512	\$ 0	\$ 98,655	\$ 590,857	\$ 505,857

CDA 95-1

(A Business -Type Activity-Enterprise Fund of the Community Development Authority of the City of Madison)
NOTES TO FINANCIAL STATEMENTS
 December 31, 2021

NOTE D -- Long-term debt (Continued)

	Beginning Balance 2019	Increases	Decreases	Ending Balance 2020	Amounts Due Within One Year
Mortgage notes payable:					
WHEDA	\$ 242,877	\$ 0	\$ 94,794	\$ 148,083	\$ 98,789
WHEDA WRAP	111,429	0	0	111,429	0
UDAG	345,000	0	0	345,000	0
Section 17	85,000	0	0	85,000	0
 Total long-term debt	\$ 784,306	\$ 0	\$ 94,794	\$ 689,512	\$ 98,789

Mortgage notes payable consist of the following:

	2021	2020
Wisconsin Housing and Economic Development Authority (WHEDA); monthly payments of \$8,565, including interest at 4.0%; due June 2022; collateralized by a first mortgage on the rental property and the assignment of leases, rentals, issues, profits, and proceeds; prepayment of the note in full is allowed.	\$ 49,428	\$ 148,083
WHEDA WRAP; nonrecourse; non-interest bearing; mortgage note payable requiring 50% of the fund's annual surplus cash as defined in the agreement to be applied to the outstanding principal. The note is due June 2022; collateralized by a first mortgage on the rental property and the assignment of leases, rentals, issues, profits, and proceeds; prepayment of the note in full is allowed.	111,429	111,429
City of Madison Urban Development Action Grant (UDAG) Capital Revolving Fund; nonrecourse; monthly payments of interest only at 5.0%; originally due in June 2020 and was extended in 2020 to June 2022; the note is secured by the fund's rental property and is subordinated to the fund's notes payable to WHEDA; principal due in full in June 2022 (originally due in June 2020 and was subsequently extended). Interest expense was \$17,250 for each of the years ended December 31, 2021 and 2020; accrued interest was \$69,125 and \$51,875 as of December 31, 2021 and 2020, respectively.	345,000	345,000
Balance carried forward	505,857	604,512

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(A Business -Type Activity-Enterprise Fund of the Community Development Authority of the City of Madison)
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE D -- Long-term debt (Continued)

	<u>2021</u>	<u>2020</u>
Balance brought forward	\$ 505,857	\$ 604,512
City of Madison Section 17; four mortgage notes payable; nonrecourse; non-interest bearing; due upon sale of the property or assignment of owner's investment in the rental property; the note is secured by the rental property and is subordinated to the fund's mortgage notes payable to WHEDA and UDAG.	<u>85,000</u>	<u>85,000</u>
Total long-term debt	590,857	689,512
Less current maturities of long-term debt	<u>505,857</u>	<u>98,789</u>
Total long-term debt, less current maturities	<u>\$ 85,000</u>	<u>\$ 590,723</u>

Future maturities of principal and interest on long-term debt as of December 31, 2021 are as follows:

	<u>Principal</u>	<u>Interest</u>
2022	\$ 505,857	\$ 498
2023	0	0
2024	0	0
2025	0	0
2026	0	0
Thereafter	<u>85,000</u>	<u>0</u>
	<u>\$ 590,857</u>	<u>\$ 498</u>

NOTE E -- Commitments and contingencies

Regulatory Agreement

The CDA was assigned and has assumed a Regulatory Agreement with WHEDA which places occupancy restrictions on rents charged and the minimum set aside of units which shall be occupied by individuals or families whose income meets the requirements as described in the Regulatory Agreement. The agreement expires when the WHEDA and WHEDA WRAP loans (Note D) are paid in full.

Payment in Lieu of Taxes (PILOT)

The CDA has entered into a PILOT Agreement with the City of Madison, Wisconsin (the City), under which the CDA agrees to make annual PILOT payments to the City in the amount of \$10,000 beginning in 2019 and ending with 2029. The PILOT Agreement shall terminate on the day before the respective January 1st of the year during which the City determines that CDA 95-1 no longer qualifies for property tax exemption or termination of ownership of CDA 95-1 by the CDA. PILOT expense totaled \$10,000 for each of the years ended December 31, 2021 and 2020.

CDA 95-1

(A Business -Type Activity-Enterprise Fund of the Community Development Authority of the City of Madison)

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE F -- Cash flow restriction

Pursuant to the debt agreements described in Note D, the fund is prohibited from paying any distributions to the owner. At the end of each fiscal year, the fund is required to deposit one-half of its surplus cash, as defined in the regulatory agreement, into the reserve for replacements. The balance of the surplus cash is applied to the outstanding balance of the WHEDA WRAP note payable described in Note D.

NOTE G -- Subsequent events

On January 13, 2022, one of the buildings (601 S. Baldwin Street which is the two-unit building) was sold to an unrelated third-party for \$345,000. Soon after this date, the UDAG mortgage note (see Note D) was paid off in full.

SUPPLEMENTARY INFORMATION

CDA 95-1
WHEDA Project No. 007/001193
SUPPLEMENTAL INFORMATION REQUIRED BY WHEDA
December 31, 2021

ACCOUNTS AND NOTES RECEIVABLE (OTHER THAN FROM TENANTS)

Accounts receivable, other \$ 87

DELINQUENT TENANTS' ACCOUNTS RECEIVABLE

	<u>Number of tenants</u>	<u>Amount past due</u>
Delinquent 0 to 30 days	8	\$ 3,477
Delinquent 31 to 60 days	1	1,060
Delinquent 61 to 90 days	0	0
Delinquent over 90 days	4	<u>3,467</u>
		<u><u>\$ 8,004</u></u>

DISTRIBUTIONS

None.

PARTNERSHIP CASH AND RESERVE FUNDS NOT HELD BY WHEDA

None.

CDA 95-1

WHEDA Project No. 007/001193

SUPPLEMENTAL INFORMATION REQUIRED BY WHEDA (Continued)

December 31, 2021

RELATED PARTY TRANSACTIONS

None.

COMPUTATION OF SURPLUS CASH**CURRENT ASSETS**

Project cash on hand		\$	79,863
MEMO - Tenants' security deposits	\$	23,252	
Accounts receivable, other			<u>87</u>
Total current assets			79,950

CURRENT LIABILITIES

Accounts payable			5,402
Prepaid rents			13,284
Other accrued expenses			9,954
Accrued PILOT			<u>10,000</u>
MEMO - Tenants' security deposits payable	\$	23,079	
Total current liabilities			<u>38,640</u>

SURPLUS CASH\$ 41,310



STANDARDIZED FINANCIAL TEMPLATE

Main Information

Field Name	Value
Property Info	
Property Name	CDA 95-1
Project Number	007/001193
HFA Number	50347
Balance Sheet Date of Statement:	12/31/2021
P&L Statement Period:	01/01/2021 - 12/31/2021



BALANCE SHEET

50347

Date of Statement:

12/31/2021

Account ID	Agency Label	Amount	Comment
1100 CURRENT ASSETS	1120.01	Cash - Operations	\$ 79,863
	1121.01	Construction Cash Account	
	1125.11	Cash - Entity	
	1130.01	Tenant Accounts Receivable	\$ 8,004
	1130.02	Allowance for Doubtful Accounts (deduct)	
	1140.01	Accounts and Notes Receivable-Operations	\$ 87
	1140.91	Accounts Receivable-WHEDA	
	1145.01	Accounts and Notes Receivable-Entity	
	1160.01	Accounts Receivable-Interest	
	1160.11	Interest Reduction Payment Receivable	
	1170.11	Short Term Investments- Operations	
	1170.21	Short Term Investments-Entity	
	1190.01	Misc Current Assets	
	1191.01	Tenant Security Deposits	\$ 23,252
1100	Total Current Assets	\$ 111,206	
1200 PREPAID EXPENSES	1210.01	Misc Prepaid Expenses	\$ -
	1200	Total Prepaid Expenses	\$ -
1300 FUNDED RESERVES	1310.01	Escrow Deposits	
	1310.21	Insurance Escrow	
	1310.22	Real Estate Tax or PILOT Escrow	\$ -
	1320.01	Reserve for Replacements	\$ 174,770
	1330.01	Other Reserve	\$ -
	1340.01	Residual Receipts Reserve	
	1360.01	Development Cost Escrow	
	1360.41	FHA Insurance Reserve	
1380.01	Management Improvement and Operating Plan		
1300	Total Funded Reserves	\$ 174,770	
1400 FIXED ASSETS	1410.01	Land	\$ 241,689
	1420.01	Building	\$ 1,883,962
	1440.01	Building Equipment (portable)	
	1450.01	Furnishings	\$ 126,037
	1450.31	Furniture for Project/Tenant Use	
	1450.91	Office Furniture and Equipment	
	1470.01	Maintenance Equipment	
	1480.01	Motor Vehicles	
	1490.01	Misc Fixed Assets	\$ 35,495 Land Improvements
	1490.11	Accumulated Depreciation (deduct)	\$ (1,260,257)
1400	Total Fixed Assets	\$ 1,026,926	
1500 INVESTMENTS	1510.01	Investments-Operations	
	1515.01	Investments-Entity	
	1530.01	Intangible Assets	\$ -
1500	Total Investment Long-term	\$ -	
1900 MISC ASSETS	1910.01	Misc Other Assets	\$ 3,500 Deposit
	1900	Total Other Assets	\$ 3,500
TOTAL ASSETS		\$ 1,316,402	



BALANCE SHEET

50347

Date of Statement:

12/31/2021

Account ID	Agency Label	Amount	Comment	
2100 CURRENT LIABILITIES	2105.01		Bank Overdraft-Operations	
	2110.01		Accounts Payable-Operations	
	2110.11		Accounts Payable-Construction/Development	
	2110.91	\$	5,402	Accounts Payable-30 Days
	2112.01			Accounts Payable-Project Improvements Items
	2113.01	\$	-	Accounts Payable-Entity
	2115.11			Accounts Payable-236 Excess Income Due HUD
	2115.21			Accounts Payable-WHEDA/HUD
	2120.01			Accrued Wages Payable
	2120.11			Accrued Payroll Taxes Payable
	2120.31	\$	-	Accrued Management Fee Payable
	2130.01			Accrued Interest Payable-First Mortgage
	2130.31			Accrued Interest Payable-Second Mortgage
	2130.41			Accrued Interest Payable-Section 236
	2131.11	\$	-	Accrued Interest Payable-Other Loans (Surp Cash)
	2131.12	\$	69,125	Accrued Interest Payable-Other Loans and Notes
	2131.21			Accrued Interest Payable-Flexible Subsidy Loan
	2131.31			Accrued Interest Payable-Capital Improvement Loan
	2131.32			Accrued Interest Payable-Operating Loss Loan
	2150.11	\$	10,000	Accrued Real Estate & Property Tax Payable
	2160.01			Short Term Notes Payable
	2160.31			Other Loans and Notes Payable, Surplus Cash ST
	2160.32	\$	345,000	Other Loans and Notes (Short Term)
	2160.41			Flexible Subsidy Loan Payable (Short Term)
	2160.51			Capital Improvement Loan Payable (Short Term)
	2160.52			Operating Loss Loan Payable (Short Term)
	2170.11	\$	49,428	Mortgage Payable-First Mortgage (Short Term)
	2170.31	\$	111,429	Mortgage Payable-Second Mortgage (Short Term)
	2180.01			Utility Allowances
	2190.01	\$	9,954	Misc Current Liabilities/Preservation Fee
	2191.01	\$	23,079	Tenant Security Deposits
	2210.01	\$	13,284	Prepaid Revenue
2100	Current Liabilities	\$	636,701	
2300 LONG-TERM LIABILITIES	2310.01	\$	85,000	Notes Payable-Long Term
	2310.31	\$	-	Notes Payable-Surplus Cash
	2310.32			Other Loans and Notes Payable
	2310.33	\$	-	Other Loans and Notes Payable-Surplus Cash
	2310.41			Flexible Subsidy Loan Payable
	2310.51			Capital Improvement Loan Payable
	2310.52			Operating Loss Loan Payable
	2320.11	\$	-	Mortgage Payable-First Mortgage
	2320.31	\$	-	Mortgage Payable-Second Mortgage
	2390.01			Misc Long Term Liabilities
2300	Long-Term Liabilities	\$	85,000	
TOTAL LIABILITIES		\$	721,701	
3110.11	Total Equity/Retained Earnings	\$	594,701	
TOTAL EQUITY		\$	594,701	
TOTAL LIABILITIES & EQUITY		\$	1,316,402	



PROFIT & LOSS STATEMENT

50347

Statement Period:

01/01/2021 - 12/31/2021

Account ID	Agency Label	Amount	Comment	
5100 RENT REVENUE	5120.11	Rent Revenue-Gross Potential	\$ 318,929	
	5120.21	Tenant Assistance Payments	\$ -	
	5140.01	Rent Revenue - Commercial/Stores @ 100%		
	5170.01	Rent Revenue-Garage/Parking @ 100%	\$ -	
	5180.01	Flexible Subsidy Revenue		
	5190.01	Misc Rent Revenue		
	5190.11	Excess Rent		
	5190.12	Rent Revenue/Insurance		
	5190.13	Special Claims Revenue		
	5190.14	Retained Excess Income		
	5100	Rent Revenue	\$ 318,929	
	5200 VACANCY	5220.01	Apartment Vacancies (deduct)	\$ -
		5240.01	Stores/Commercial Vacancies or Concessions (deduct)	
		5250.01	Rental Concessions (deduct)	\$ -
5270.01		Garage/Parking Vacancies or Concessions (deduct)	\$ -	
5290.01		Miscellaneous (deduct)	\$ -	
5200	Vacancy	\$ -		
5300 ELDERLY SERVICE REVENUE	5310.14	Priv Pay Room / Board		
	5310.24	Medicare Room / Board		
	5310.34	Medicaid Room / Board		
	5310.44	VA Room / Board		
	5320.34	Food		
	5320.51	Housekeeping		
	5320.71	Laundry / Linen		
5300	Eldery Service Revenue	\$ -		
5400 FINANCIAL REVENUE	5410.01	Financial Revenue-Project Operations	\$ 2	
	5430.01	Revenue from Investments-Residual Receipts		
	5440.01	Revenue from Investments-Replacement Reserve	\$ 221	
	5490.01	Revenue from Investments-Miscellaneous	\$ -	
5400	Financial Revenue	\$ 223		
5900 OTHER REVENUE	5910.01	Laundry/Vending Income (Net)	\$ 4,295	
	5920.01	Tenant Charges	\$ 470	
	5990.01	Miscellaneous Revenue	\$ 167	
5900	Other Revenue	\$ 4,932		
5000	REVENUE	\$ 324,084		
6200-6300 RENT/ADMIN EXPENSES	6210.01	Advertising/Marketing Expense	\$ -	
	6250.01	Other Rent Expense	\$ -	
	6310.01	Office Salaries	\$ -	
	6311.01	Office Expenses	\$ 421	
	6311.21	Office or Model Apartment Rent		
	6320.01	Management Fees All	\$ 12,850	
	6330.11	Manager/Superintendent Salaries	\$ 22,220	
	6330.21	Administrative Rent-Free Unit	\$ -	
	6340.01	Legal Expense-Project Only	\$ -	
	6350.01	Audit Expense - Project Only	\$ 9,680	
	6351.01	Bookkeeping Fees/Accounting Services	\$ -	
	6370.01	Bad Debt Expense	\$ -	
	6390.01	Misc Administrative Expenses	\$ 2,516	
	6200	Administrative Expense	\$ 47,687	
6400 UTILITY EXPENSE	6420.01	Fuel Oil		
	6450.11	Electricity	\$ 7,069	
	6450.21	Gas	\$ 5,229	
	6450.32	Water	\$ 14,049	
	6450.33	Sewer		
6400	Utility Expense	\$ 26,347		
6500 OPERATING & MAINTENANCE EXPENSE	6510.01	Payroll	\$ 37,307	
	6510.31	Operating and Maintenance Rent Free Unit		
	6515.01	Supplies	\$ 491	
	6520.01	Contracts	\$ 43,673	
	6525.01	Garbage & Trash Removal	\$ 4,316	
	6530.11	Security Payroll/Contract (incl taxes and benefits)	\$ -	
	6530.21	Security Rent Free Unit		
	6540.11	Heating/Cooling Repairs & Maintenance	\$ 212	
	6540.21	Snow Removal	\$ 12,674	
	6570.01	Vehicle/Maintenance Equipment Operation & Repairs		
	6580.01	RR releases to reimburse expensed items and/or CAPEX paid from project operations (deduct)		
6590.01	Misc Operating & Maintenance Expense	\$ -		
6500	Operating and Maintenance Expense	\$ 98,673		



PROFIT & LOSS STATEMENT

50347

Statement Period:

01/01/2021 - 12/31/2021

Account ID	Agency Label	Amount	Comment
6700 TAXES AND INSURANCE	6710.01 Real Estate & Personal Property Taxes	\$	10,000
	6711.01 Payroll Taxes - Project Share		
	6720.01 Property & Liability Insurance (Hazard)	\$	4,544
	6723.01 Health Insurance and Other Employee Benefits		
	6723.11 Fidelity Bond Insurance		
	6723.21 Workmens Compensation		
	6790.01 Misc Taxes, Licenses, Permits, and Insurance	\$	23,942 Special assessments
6700	Tax and Insurance Expense	\$	38,486
6900 ELDERLY SERVICE EXPENSE	6930.11 Dietary Salaries		
	6930.21 Food		
	6930.22 Dietary Prchsd Serv		
	6940.11 Regstrd Nurse Salary		
	6950.11 Housekeeping Salary		
	6950.21 Housekeeping Supply		
	6950.31 Other Housekeeping		
	6960.22 Medical Supplies		
	6960.29 Medical Prchsd Serv		
	6970.01 Laundry Expenses		
	6975.01 Medical Records		
	6980.11 Recreation/Rehab		
	6980.21 Activity Supplies		
	6990.01 Elderly Service Other		
	6900	Eldery Service Expense	\$
RR DEPOSITS	11320.01 Annual Replacement Reserve Deposits	\$	7,000
	TOTAL OPERATING EXPENSES	\$	218,193
	NET OPERATING INCOME (NOI)	\$	105,891
6800 FINANCIAL EXPENSE	6810.01 WHEDA Senior Hard Debt Interest	\$	4,128
	6820.01 WHEDA Junior Hard Debt Interest		
	6825.01 Other Mortgage Interest	\$	17,250
	6850.01 Mortgage Insurance Premium/Service Charge		
	6890.01 Misc Financial Expense/Preservation Fee		
6800	Financial Expense	\$	21,378
DEPRECIATION AMORTIZATION	6610.01 Depreciation Expense	\$	56,535
	6620.01 Amortization Expense	\$	-
	OPERATING PROFIT OR LOSS	\$	27,978
7100 CORPORATE OR MORTGAGOR EXPENSE	7110.01 Officer's Salaries		
	7120.01 Legal Expense		
	7130.01 Federal, State, and Other Income Taxes		
	7140.01 Interest Income		
	7140.11 Interest on Notes Payable	\$	-
	7140.21 Interest on Mortgage Payable		
	7190.01 Other Expense	\$	-
7100	Net Entity Expenses	\$	-
TOTAL PRINCIPAL PAYMENTS	16810.01 WHEDA Senior Hard Debt Principal	\$	98,655
	16820.01 WHEDA Junior Hard Debt Principal		
	16825.01 Other Debt Principal		

CDA 95-1
WHEDA Fund No. 007/001193
CERTIFICATION BY OWNER OF MORTGAGOR
December 31, 2021

I hereby certify that I have examined the accompanying financial statements and supplemental data of CDA 95-1 and, to the best of my knowledge and belief, the same are complete and accurate.

Matthew Wachter

April 19, 2022

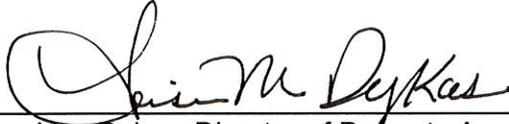
By: Matt Wachter, Executive Director
Community Development Authority of the City of Madison
Owner

Date

ID #39-1858655

CDA 95-1
WHEDA Fund No. 007/001193
CERTIFICATION BY MANAGEMENT AGENT
December 31, 2021

I hereby certify that I have examined the accompanying financial statements and supplemental data of CDA 95-1 and, to the best of my knowledge and belief, the same are complete and accurate.



By: Lisa Dykas, Director of Property Accounting
Founders 3 Real Estate Services
252 East Highland Ave
Milwaukee, WI 53202

April 19, 2022

Date

ID #39-1833308