



Federal Funds (HOME, CDBG, EECBG) Development 2018-2019 Application

This application form should be used for projects seeking funding from City of Madison Request for Proposals #2018-8754; Federal Funds (HOME, CDBG, EECBG) for 2018-2019 Housing Development & Capital Improvement Projects. Applications must be submitted electronically to the City of Madison Community Development Division by **noon on September 19, 2018**. Email to: cddapplications@cityofmadison.com

APPLICANT INFORMATION

Proposal Title:	Affordable, Healthy and Stable Housing		
Amount of Funds Requested:	\$1,045,000	Type of Project:	☒ Housing ☐ Community Facility
Name of Applicant:	Common Wealth Development Inc.		
Mailing Address:	1501 Williamson St		
Telephone:	(608)256-3527	Fax:	(608)256-4499
Admin Contact:	Justice Castañeda	Email Address:	justice@cwd.org
Project Contact:	Paul Jasenski	Email Address:	paul@cwd.org
Financial Contact:	Stefan Davidson	Email Address:	stefan@cwd.org
Website:	www.cwd.org		
Legal Status:	☐ For-profit ☒ Non-profit		
Federal EIN:	39-1323500	DUNS #:	030460778
Registered on SAM:	☒ Yes ☐ No		

AFFIRMATIVE ACTION

If funded, applicant hereby agrees to comply with the City of Madison Ordinance 39.02 and file either an exemption or an affirmative action plan with the Department of Civil Rights. A Model Affirmative Action Plan and instructions are available at <http://www.cityofmadison.com/dcr/aaFormsID.cfm>.

LOBBYING REGULATED

Notice regarding lobbying ordinance: If you are seeking approval of a development that has over 40,000 gross square feet of non-residential space, or a residential development of over 10 dwelling units, or if you are seeking assistance from the City with a value of over \$10,000 (this includes grants, loans, TIF, or similar assistance), then you likely are subject to Madison's lobbying ordinance, sec. 2.40, MGO. You are required to register and report your lobbying. Please consult the City Clerk for more information. Failure to comply with the lobbying ordinance may result in fines of \$1,000 to \$5,000. Applicants may find more information on registering on the [City Clerk's website](#).

CITY OF MADISON CONTRACTS

If funded, applicant agrees to comply with all applicable local, state and federal provisions. A sample contract that includes standard provisions may be obtained by contacting the Community Development Division at (608) 266-6520.

If funded, the City of Madison reserves the right to negotiate the final terms of a contract with the selected agency.

SIGNATURE OF APPLICANT

Enter Name: Justice Castañeda

By entering your initials in this box ☒ you are electronically signing your name as the submitter of the application and agree to the terms listed above.

Date: 9/19/2018

PROPOSAL OVERVIEW

1. Describe the primary community need(s) the proposed project seeks to address and the expected outcomes. *(Please limit response to 500 words including spaces).*

Affordable Housing: Provide decent, safe, sanitary and affordable housing opportunities for low- and moderate-income households in order to enhance household, neighborhood, and community stability.

Expected outcomes: Increase housing stability via improved and expanded housing supply for renters, with increased access to support services and reduced turnover.

2. Please provide an overview of the project, how it meets the criteria outlined in the Request for Proposals and the risks associated with the project. *(Please limit response to 500 words including spaces).*

Common Wealth Development is pursuing a residential project to support the vitality of Madison neighborhoods. The project would support family stability for low- and moderate-income families, through a comprehensive coordination of care model. Common Wealth Development is a strong supporter of the City's efforts to support minority, women and disadvantaged business enterprises, and will proactively seek out these contractors for this project.

3. Describe the proposed project's consistency with adopted planning documents, including the City of Madison Comprehensive Plan, neighborhood plan(s) and any other relevant plans.

The proposed project is consistent with the City of Madison Comprehensive Plan, and before and during the development phases, will be consistent with adopted planning documents, neighborhood plans, and other relevant plans.

4. Describe the target population(s) this project intends to serve (e.g. low-income families, seniors, special needs populations, etc.)

Common Wealth Development seeks to increase housing stability for low- to moderate-income individuals and families. Our community is defined by social geography elucidated through initial work focused on efforts in neighborhoods that are significantly disenfranchised from the overall health and economic vitality of the city of Madison due to historic processes and peripheralization. Our focus population and geography overlaps with Neighborhood Resource Team Areas and the Preferred New Construction and Targeted Rehab Areas of the 2018 Affordable Housing Targeted Areas.

5. How many unduplicated individuals are estimated to be served by this project: 41

How many unduplicated households are estimated to be served by this project: 11

6. Please describe whether/how this project relates to efforts undertaken by other community groups or agencies.

The project's priorities, aligned with the City of Madison Community Development Division Goals and Objectives, relates to the Wisconsin Partnerships Program (WPP), is aligned with a joint, City of Madison and Department of Justice Community Based Crime Reduction initiative, aimed at reducing violence and strengthening bonds between Madison Police Department and the neighborhood, and supports the ongoing work of the City of Madison's Neighborhood Resource Team initiative. Increasing the availability of affordable, healthy housing for low- to moderate-income individuals and families enhances household, neighborhood, and community stability. This work improves the overall neighborhood vitality, and promotes community level health improvement. Additionally, this project will be in an area supported by Dane County's Joining Forces for Families and Early Childhood Initiative efforts.

7. Describe the response and level of support of the alderperson of the district in which the proposal is located. What issues or concerns with the project did s/he identify, if any?

Common Wealth Development has a strong working relationship with elected city officials and neighborhood associations. We have been deliberate in engaging alderpersons to ensure we are meeting the needs of their respective constituents.

8. Describe the neighborhood input process, including notification to and input from the nearby Neighborhood Association(s), either already underway or planned. If that process has begun, please summarize its results to date.

Common Wealth Development collaborates with alderpersons and neighborhood associations to ensure projects fit within the longer term goals of the neighborhood.
Throughout this process, we are committed to working with the neighborhood to collect information and insight about how we can best meet the needs of the neighborhood, and how we can be as inclusive as possible in determining the best ways to support our tenants and to have this project support the overall vitality of neighborhoods.

9. Will any business or residence, including rental tenants, be temporarily or permanently displaced as a result of the proposed activities? ☐ Yes ☒ No ☐ Unknown

If yes, please describe your relocation plan, including assistance you will offer to those displaced by the project.

10. The follow repayment terms will be selected for the project as offered in the Request for Proposals (Please check one):

☒ **Option 1:** Zero percent, long-term deferred loan payable upon sale, transfer, or change in the use of the property. The promissory note will require repayment of either a percentage of the appraised value after rehab or construction, based on the amount of the CDD funds invested in the property, or a percentage of the net proceeds, whichever is less.

☐ **Option 2:** Long-term deferred loan - principal plus 2% accrued simple interest, payable upon sale, transfer, or change in the use of the property. Repayment will be equal to the amount of the CDD funds awarded, plus 2% simple interest accrued over the life of the loan.

☐ **N/A-** Agency is renting space.

AGENCY OVERVIEW

11. Describe the Agency's Mission Statement and explain how this project supports the Mission Statement.

Common Wealth Development is a community development organization centered on healthy housing, equitable economic development, and sustainable land use. Common Wealth supports and preserves the vitality of neighborhoods in the Madison Metropolitan area. Our work serves as the foundational bedrock of healthy community and economic development, with projects aimed at improving the housing and business climate of our neighborhoods through a people-first approach centered on racial equity and community-level health improvement. Our core program areas include: 1) supporting young businesses through affordable space and business incubation; 2) coaching youth and adults in financial fluency, job readiness and entrepreneurial leadership; 3) providing safe, stable and healthy housing opportunities for renters and aspiring home-owners; 4) integrating comprehensive community health approaches to city-wide violence prevention efforts, and 5) supporting the retention and sustainability of affordable land in Madison and Dane County.

This project supports our mission by enhancing housing stability for low- to moderate-income renters by improving and increasing the supply of affordable housing, and expanding the reach of our tenant support services.

12. Identify all key roles in your project development team, including architect, general contractor, legal counsel, property management agent, if applicable supportive services provider(s), and any other key consultants, if known.

Name	Company	Role in Development	Contact Person	Phone
Paul Jasenski	Common Wealth	Project Manager	Paul Jasenski	256-3527 #12
Glueck Architects	Glueck Architects	Architect	Jim Glueck	251-2551
Not yet selected		General Contractor		
Common Wealth	Common Wealth	Support Services	Rachel Darken	256-3527 #18
Common Wealth	Common Wealth	Property Manager	Ashley Gohlke	256-3527 #27

13. Please describe the development team's experience using federal HOME, CDBG or EECBG funds.

Common Wealth Development has 30+ years of experience using CDBG & HOME Funds. Common Wealth Development also manages our properties.

Finance Director has seven years experience supervising housing and development funding from CDBG and HOME, and 18 years experience in accounting and finance.

14. Please describe the capacity of your agency to secure the total financing necessary to complete your proposed project, and past performance that will contribute to the success of the proposed program.

Common Wealth Development has completed the development of over 145 rental units, 30 Lease-Purchase properties, and 70,000 square feet of commercial space. Common Wealth has excellent credit and solid financial statements. Current lenders include WHEDA, Monona State bank, Home Savings Bank & Town Bank.

15. Indicate by number the following characteristics for your agency's current staff and Board of Directors.

DESCRIPTOR	STAFF	BOARD
GENDER		
Female	14	9
Male	7	6
Unknown/Other		
TOTAL GENDER	21	15
AGE		
Less than 18 yrs old		
18-59 Yrs	19	12
60 and older	2	3
TOTAL AGE	21	15
RACE*		
White/Caucasian	14	9
Black/African American	2	4
Asian	2	
American Indian/Alaskan Native	1	1
Native Hawaiian/Other Pacific Islander		
MULTI-RACIAL:		

Black/AA & White/Caucasian		
Asian & White/Caucasian		
Am Indian/Alaskan Native & White/Caucasian	1	
Am Indian/Alaskan Native & Black/AA		
Balance/Other	1	1
TOTAL RACE	21	15
ETHNICITY		
Hispanic or Latino	2	1
Not Hispanic or Latino	19	14
TOTAL ETHNICITY	21	15
PERSONS WITH DISABILITIES		1

*These categories are identified in U.S. Department of Housing and Urban Development (HUD) Standards.

16. List Percent of Staff Turnover: 35%

Divide the number of resignations or terminations in calendar year 2017 by total number of budgeted positions. Do not include seasonal positions. Explain if you had 20% or more turnover rate. Discuss any other noteworthy staff retention issues or policies in place to reduce staff turnover.

In 2017 Common Wealth Development had 17 budgeted positions and experienced a staff turnover of 6. 2017 saw the retirement of the executive director and the incubator manager, both longtime employees. A housing specialist and the land trust manager both moved out of state for professional reasons. The housing manager, another longtime employee took a position in another housing agency locally and a youth employment coordinator took a job with another local agency as a coordinator.

17. The following attachments are included with this application:

- ☐ Housing – Owner-Occupied Development (Complete Attachment A and Budget Workbook)
- ☒ Housing – Rental Development (Complete Attachment B and Budget Workbook)
- ☐ Neighborhoods- Community-Based Facilities (Complete Attachment C and Budget Workbook)

Note: Proposals for Community-Based Facilities should only complete Worksheet 1 (Agency Overview), Worksheet 2 (Capital) and 3 (Expenses) in the Budget Workbook. Proposals for residential developments should complete the entire Budget Workbook.

ATTACHMENT A- Housing Development- Owner- Occupied Development

1. Identify the source of federal funds the agency will accept for the project: ☐ HOME ☐ CDBG ☐ EECBG

2. What is the total number of units to be assisted with HOME, CDBG or EECBG funds and the amount of HOME, CDBG or EECBG requested per affordable unit?

--

3. Provide your assessment of the market conditions of the neighborhood (including anticipated demand for the proposed target populations). Explain why this site or area was chosen. If a specific site has not been identified, what criteria do you use to assess the appropriateness of a site and neighborhood for an assisted housing project?

--

4. Describe your affirmative marketing strategy and any other strategies to engage your intended population.

--

5. How will this project address barriers to housing experienced by your target population? Describe financial literacy, credit builder programs or HUD-approved education counseling available to potential buyers.

--

6. Projects with HOME funds must have a ratified sales contract within nine months of construction/rehab completion. If the project is non-compliant, the developer must either convert the project to a HOME rental unit or be responsible for repayment of all funds dispersed. Describe the experience and qualifications of the entity that will manage the property, including maintaining property standards and ongoing compliance if converted to rental.

--

PROPOSAL TIMELINE

Describe activities/benchmarks by month/year to illustrate how your project will be implemented. At a minimum, please include site control, financing secured, acquisition, start of construction/rehab, end of construction/rehab, available for occupancy, submission of completion report/final draw request.

Activity/Benchmark	Estimated Month/Year of Completion

Activity/Benchmark	Estimated Month/Year of Completion

ATTACHMENT B- Housing Development- Rental Development

1. Identify the source of federal funds the agency will accept for the project: ☒ HOME ☒ CDBG ☐ EECBG

2. What is the total number of units to be assisted with HOME, CDBG or EECBG funds and the amount of HOME, CDBG or EECBG requested per affordable unit? Indicate whether any of the units will be supported by Section 8 project-based vouchers.

Common Wealth Development is requesting 11 HOME assisted units funded at \$95,000 per unit. We do not have access to project based rent vouchers.

3. If the single-purpose entity will be owned, in part, by a for-profit company, will a non-profit organization have a controlling interest in the property or a statutory Right of First Refusal to acquire such interest?

Common Wealth Development will own and manage the proposed development.

4. Identify, and describe the experience and qualifications of the entity that will manage the property, including maintaining property standards, ongoing compliance, and annual reporting requirements in accordance with contract requirements and/or federal regulations. How many units does that entity currently manage?

Common Wealth Development has self-managed our housing units and business incubators for 30+ years. We maintain our properties well and meet all HOME requirements and building code standards. We also self-perform lead paint abatement with Wisconsin certified staff.

5. Who will be responsible for monitoring compliance with federal regulations and requirements?
Are they trained on federal requirements?

Paul Jasenski, Development Operations Manager, is responsible for compliance with all federal regulations during development and construction of new developments. Paul has 30+ years of experience in the development and operations of affordable, federally assisted, housing. Ashley Gohlke, Housing Operations Manager, is responsible for compliance with all federal requirements during operations. Ashley has nine years of experience managing Section 42 developments. Paul and Ashley attended the most recent HOME training by CDD staff in July, and will be attending WHEDA's compliance training in October.

SITE INFORMATION

6. Provide your assessment of the market conditions of the neighborhood (including anticipated demand for the proposed target populations). Explain why this site or area was chosen. If a specific site has not been identified, what criteria do you use to assess the appropriateness of a site and neighborhood for an assisted housing project?

Common Wealth Development uses site specific criteria to create a development that fits within and complements the neighborhood. Some of the criteria include linkages to transportation, jobs, food, schools, libraries and community centers. Common Wealth Development is intentional in looking for projects that support the increase of usable commercial space within the neighborhood in order to foster local economic growth, and projects that will improve the viability of existing commercial space in the neighborhood and / or in the adjacent neighborhoods. Through this RFP

process, Common Wealth Development will be looking at both new development as well as acquisition / rehabilitation projects that can support the overall health and vitality of the neighborhood.

7. Identify the distance the following amenities are from the proposed site.

Type of Amenities & Services	Name of Facility	Distance from Site (in miles)
Full Service Grocery Store		
Public Elementary School		
Public Middle School		
Public High School		
Job-Training Facility, Community College, or Continuing Education Programs		
Childcare		
Public Library		
Neighborhood or Community Center		
Full Service Medical Clinic or Hospital		
Pharmacy		
Public Park or Hiking/Biking Trail		
Banking		
Retail		
Other (list the amenities):		

8. If a site has been identified, what is the distance between the proposed site and the nearest seven-day per week transit stops? List the seven-day transit stop location and describe any other transit stops (include street intersections and schedule) located near the proposed site.

N/A

9. Describe the impact this housing will have on the schools in this area. Please include information on school enrollment data (e.g. at capacity, above capacity, below capacity); how this housing development will impact the schools' enrollment; and approximately how many elementary and middle school children are projected to live at the proposed housing development based on your proposed unit mix and previous housing experience.

N/A

SITE AMENITIES

10. Describe the exterior and common area amenities that will be available to tenants and guests, including parking (and cost, if any).

The exterior will consist of green and garden space, play space for children and a community space for tenants to come together. We intend to include free off-street parking for tenants and some guest parking if space allows.

11. Describe the interior apartment amenities, including plans for internet service (and cost, if any) and a non-smoking environment.

The interior amenities will include energy star rated appliances (Stove, Refrigerator, Dishwasher, Microwave) air conditioning, sound proofing to its full potential and hopefully an efficient gathering/community space. On-site and/or in-unit laundry. We plan to offer hard-wired internet in each unit as well.

12. What fees, if any, will be charged to residents of the proposed building (e.g. parking, laundry, pet fees, etc.)?

Possibly, laundry fees for coin-operated laundry. We require a \$200.00 refundable pet fee for acceptable pets per our current policy.

HOUSING INFORMATION & UNIT MIX

13. If a site has been identified, provide the following information for your proposed project. List the property address along with the number of units you are proposing by size, income category, etc. If this is a scattered site proposal, list each address separately with the number of units you are proposing by income category, size, and rent for that particular address and/or phase. Attach additional pages if needed.

ADDRESS #1:		# of Bedrooms					Projected Monthly Unit Rents, Including Utilities				
% of County Median Income (CMI)	Total # of units	# of Studios	# of 1 BRs	# of 2 BRs	# of 3 BRs	# of 4+ BRs	\$ Rent for Studios	\$ Rent for 1 BRs	\$ Rent for 2 BRs	\$ Rent for 3 BRs	\$ Rent for 4+ BRs
≤30%	0	0	0	0	0	0					
40%	0	0	0	0	0	0					
50%	0	0	0	0	0	0					
60%	0	0	0	0	0	0					
Sub-total	0	0	0	0	0	0					
Market*	0	0	0	0	0	0					
Total Units	0	0	0	0	0	0	Notes:				

*40% = 31-40% CMI; 50% = 41-50% CMI; 60% = 51-60% CMI; Market = >61% CMI.

ADDRESS #2:		# of Bedrooms					Projected Monthly Unit Rents, Including Utilities				
% of County Median Income (CMI)	Total # of units	# of Studios	# of 1 BRs	# of 2 BRs	# of 3 BRs	# of 4+ BRs	\$ Rent for Studios	\$ Rent for 1 BRs	\$ Rent for 2 BRs	\$ Rent for 3 BRs	\$ Rent for 4+ BRs
≤30%	0	0	0	0	0	0					
40%	0	0	0	0	0	0					
50%	0	0	0	0	0	0					
60%	0	0	0	0	0	0					

Sub-total	0	0	0	0	0	0					
Market*	0	0	0	0	0	0					
Total Units	0	0	0	0	0	0	Notes:				

*40% = 31-40% CMI; 50% = 41-50% CMI; 60% = 51-60% CMI; Market = >61% CMI.

14. Utilities included in rent: ☒ Water/Sewer ☐ Electric ☒ Gas ☐ Free Internet In-Unit ☐ Other:

15. Describe the number and percent of accessible units proposed for each of level of accessibility. For rehab, describe the accessibility modifications that will be incorporated into the existing housing.

Common Wealth Development's housing inventory consists of 145 units, of which 23 units (16%) are barrier free, and an additional 51 units (35%) are visitable and/or adaptable units. We will strive to make the maximum number of units accessible.

16. Describe the energy efficient features you plan to provide, the energy standard to be achieved, and the resulting estimated monthly utility savings for the project and for the tenant.

Common Wealth Development has a history of building energy efficient developments. The model we would use is the Yahara River View Apartments, which has been ranked by MG&E as the second most energy efficient multifamily housing projects since its construction 14 years ago to the present. Average cost per unit for heat is only \$6.25 per unit per month. We plan to use the following technologies that have proven themselves effective:

- High efficiency condensing boilers for both space heating and domestic hot water.
- Low flow faucet and shower heads would be standardized throughout the building to reduce the demand for water.
- Fiberglass Low-E windows to help lower heating and cooling costs.
- Spray foam insulation would be used as much as possible to maximize insulation benefits and reduce air infiltration. We would pair this with sub-metering of central usage to incentivize responsible usage by tenants.

We would explore use of the following technologies that we haven't utilized in residential settings yet, but have some experience in our commercial portfolio:

- We will evaluate the feasibility of installing solar water panels and photovoltaic cells on-site.
- High efficiency ventilation and heat recovery systems would also be utilized to the extent possible.

17. For proposals that include rehabilitation and where a site has been identified, have you completed a capital needs assessment for this property? If so, summarize the scope and cost; Attach a copy of the capital needs assessment.

N/A

18. Real Estate Project Data Summary

If a site has been identified, enter the site address (or addresses if scattered sites) of the proposed housing and answer the questions listed below for each site.

	# of Units Prior to Purchase	# of Units Post-Project	# Units Occupied at Time of Purchase	# Tenants to be Displaced	# of Units Accessible Current?	Number of Units Post- Project Accessible?	Appraised Value Current (Or Estimated)	Appraised Value After Project Completion (Or Estimated)	Purchase Price
Address:	Enter Address 1								
Address:	Enter Address 2								
Address:	Enter Address 3								

INTEGRATED SUPPORTIVE HOUSING UNITS

19. Identify the partnership(s) with supportive service agencies that have been or will be formed to serve the target population(s) if serving populations requiring intensive case management or ongoing supportive services. Provide a detailed description of the type and level of supportive services (such as assessment and referral, on-site intensive case management, etc.) that will be provided to residents of the proposed project.

Community vitality and overall community health depend on neighborhood stabilization. Common Wealth works to maintain housing stability for our vulnerable tenants, through proactive and engaged property management. Supportive services internal and external to Common Wealth Development will serve the target populations requiring intensive case management or ongoing support services. Throughout our portfolio, 20% of our tenants are disabled, 43% are families, 27% receive Section 8, 45% are classified by HUD as other than Caucasian, and 65% are under 50% of Dane County Medium Income. Common Wealth is deliberate in integrating the work we do in our community and economic development activities into our development projects, in order to better support our tenants and ultimately support neighborhood cohesion in the areas where we work. We take a holistic approach to housing management, where we are diligent in working with our tenants to support them while they are in our housing. Due to the challenges many of our tenants face, Common Wealth Development provides assistance through the following internal resources:

1. Common Wealth Development's Housing Program: Common Wealth Development Housing works with our tenants in the form of flexible screening criteria and payment plans, and through regular tenant engagement activities.
2. Common Wealth Development's Economic Development Activities: our Adult Workforce Development Program connects tenants seeking employment to living-wage jobs. Our Southwest Transitional Employment Program operates as a front-end transitional employment program, hiring individuals in community-based job placements while we work in solidarity with them to improve job-readiness skills and secure permanent positions aligned with their career goals, and that pay living-wages.
3. Coordination of Care: Common Wealth Development's Coordination of Care Specialist bridges our Housing and Economic Development programs in addition to providing information on community resources and referrals to local agencies to provide case management and support to our tenants.
4. Community safety and violence prevention through the Innovations in Community-Based Crime Reduction (CBCR), in partnership with the City of Madison: our work with Community Based Crime Reduction implements strategies to address drivers of crime, with input from residents, local organizations, service providers, businesses and government agencies, all while strengthening bonds between different service providers in order to provide holistic support services to residents.

External resources range from partnerships developed from within each of these four tenant-support areas.

20. What, if any, financial support will be offered to help finance the provision of support services to tenants? Attach a letter from the service provider(s) detailing the services to be provided to residents of the supportive housing units, the cost of those services and how they will be financed (i.e., through the development, fundraising, existing program dollars, etc.)

Common Wealth Development is able to leverage our transitional employment services to support tenants who may become unemployed or who may otherwise have challenges paying their rent due to unemployment. This assists us in keeping families in stable housing during periods of unemployment.

TENANT SELECTION

21. Describe your plans to incorporate flexible tenant selection criteria for households who are connected to supportive services, in order to provide housing opportunities for persons or families who would otherwise face common obstacles to obtaining housing (e.g., poor credit or rental histories, criminal conviction records, etc.)

Common Wealth Development currently has flexible tenant selection criteria, including the consideration of two years of criminal history instead of the industry standard of seven years. We also work with a wide range of rental histories. We are developing other avenues that would allow us to increase our accessibility to otherwise unqualified tenants. Over the past two years, we have actively worked with tenants who were homeless, formerly incarcerated and who have had adverse rental histories, providing them housing as part of our comprehensive case management model.

22. Describe the proposed development's minimum occupancy standards that will prevent or reduce over-housing residents in such limited affordable housing opportunities.

We adhere to a 2 person per bedroom maximum occupancy standard and maintain in accordance with the city/state occupancy requirements. In the event that family size may increase during a lease term, we work with the tenant to create a plan to adapt to at the end of a lease and/or find other housing within our portfolio that will properly and comfortably accommodate the family size.

PROPOSAL TIMELINE

23. Describe activities/benchmarks by month/year to illustrate how your project will be implemented. At a minimum, please include: site control, financing secured, acquisition, start of construction/rehab, end of construction/rehab, available for occupancy, submission of completion report/final draw request.

Activity/Benchmark	Estimated Month/Year of Completion
Site Control	November 2018
Site Acquisition	June 2019
Develop Plans and Specs	December 2018
Start Construction	August 2019
End Construction	April 2020
Marketing begins	September 2019
Available for Occupancy	June 2020
Submission of Completion Reports	September 2020

ATTACHMENT C- Community Facilities Development

1. Funds will be applied to:

- ☐ Acquisition only ☐ Rehabilitation
☐ New Construction ☐ Acquisition and Rehab/New Construction

2. Please explain why you are interested in acquiring or improving this space (e.g. cost savings, collaborative effort, accessibility improvements, etc.). Please describe the work being contemplated.

--

3. What is the current outstanding debt on the property (including any existing CDBG and City loans)?

Source/Name	Amount
	\$
	\$
	\$

4. If the applicant is renting space:

a. Who is the current owner of the property?

--

b. What is the length of the proposed or existing lease and the proposed rental rate (in rent per square foot)?

--

5. If this proposal will be in new space, what is the impact of owning or leasing this space compared to your agency's current level of space-related costs?

--

PROPOSAL TIMELINE

6. Describe activities/benchmarks by month/year to illustrate how your project will be implemented. At a minimum, please include site control, financing secured, acquisition, start of construction/rehab, end of construction/rehab, available for occupancy, submission of completion report/final draw request.

Activity/Benchmark	Estimated Month/Year of Completion

Activity/Benchmark	Estimated Month/Year of Completion

PLEASE ATTACH THE FOLLOWING ADDITIONAL INFORMATION AND CHECK THE BOX WHEN ATTACHED:

- ☒ A completed Application Budget Workbook, showing the City's proposed financial contribution and all other proposed financing.
- ☒ A current list of Board of Directors
- ☐ A Capital Needs Assessment report of the subject property, if the proposal is for a housing rehabilitation project and if the report is available at the time of application.
- ☐ A recent market study, prepared by a third-party market analyst, if available at the time of application.
- ☐ For applicants seeking EECBG funds, an energy audit, prepared by a certified Focus on Energy auditor, if available at the time of application.
- ☐ For community facilities proposals, a minimum of two estimates upon which capital costs are based (please ensure that Fair Labor Standards and the payment of Federal Prevailing Wage Rates are considered in these estimates).
- ☐ For community facilities proposals, a copy of the plans and specifications for the work, or a description of the design specifications you are contemplating.
- ☐ For community facilities proposals, if the applicant owns the space, a copy of the long-range building improvement plan and building maintenance plan (please include a narrative describing what the building needs and how you expect to maintain it over time).

NOTE: If an appraisal, market study, or capital needs assessment is not available at the time of application, and the proposal is funded through this RFP process, these items must be submitted to the City prior to receiving a Loan Agreement.

APPLICANT & PROJECT NAME:

1. AGENCY OVERVIEW

This chart describes your agency's total budget for 3 separate years. Where possible, use audited figures for 2017 Actual.

Account Description	2017 Actual	2018 Budget	2019 Proposed
A. PERSONNEL			
Salary (including benefits)	1,084,867	1,233,840	1,305,767
Taxes	89,586	97,554	103,096
Subtotal A	1,174,453	1,331,394	1,408,863
B. OPERATING			
All "Operating" Costs	401,913	390,552	418,312
Subtotal B	401,913	390,552	418,312
C. SPACE			
Rent/Utilities/Maintenance	325,737	304,519	310,609
Mortgage/Depreciation/Taxes	575,452	529,248	569,807
Subtotal C	901,189	833,767	880,416
D. SPECIAL COSTS			
Subcontracts			
Deposits to Reserves			
Debt Service (Excl Mortgage)			
Other: (Specify)			
Subtotal D	-	-	-
Total Operating Expenses:	2,477,555	2,555,713	2,707,591
REVENUE			
Direct Public Grants	489,156	603,816	624,345
Direct Public Support	213,452	256,425	261,554
Indirect Public Support	22,500		72,000
Miscellaneous Revenue	220,336	118,800	118,929
Restricted Funds Released			
Program Income	1,472,528	1,577,460	1,631,094
Total Income	2,417,972	2,556,501	2,707,922
Net Income	(59,583)	788	331

APPLICANT & PROJECT NAME:

Common Wealth Development, Inc.

2. CAPITAL BUDGET

Enter ALL proposed project funding sources.

FUNDING SOURCES

Source	Amount	Non-Amortizing (Y/N)	Rate (%)	Term (Years)	Amort. Period (Years)	Annual Debt Service
Permanent Loan-Lender Name:						
Not yet determined.	\$ 809,593	y	5%	5-Jan	30	52153
Subordinate Loan-Lender Name:						
City of Madison - HOME Funds	\$ 1,045,000	n-Amortizing (Y	0%		30	0
Subordinate Loan-Lender Name:						
Tax Exempt Loan-Bond Issuer:						
AHP Loan						
City-AHF Deferred Loan						
City-AHF Interest/Cash Flow Loan						
City-TIF Loan						
Other-Specify Grantor:						
Other-Specify Grantor:						
Other-Specify Grantor:						
Tax Credit Equity						
Historic Tax Credit Equity						
Deferred Developer Fees						
Owner Investment	\$ 146,383					
Other-Specify:						
Total Sources	\$ 2,000,976					

Construction Financing			
Source of Funds	Amount	Rate	Term (monthly)
Construction Loan-Lender Name:			
Not yet determined.	\$ 809,593	5%	18
Bridge Loan-Lender Name:			
Tax Credit Equity:			
Total	\$ 809,593		

Estimated pricing on sale fo Federal Tax Credits:

Remarks Concerning Project Funding Sources:

APPLICANT:

Common Wealth Development, Inc.

3. PROJECT EXPENSES

Enter the proposed project expenses

Acquisition Costs	Amount
Acquisition	60,000
Title Insurance and Recording	7,500
Appraisal	2,500
Predvlpmnt/feasibility/market study	0
Survey	5,000
Marketing	0
Relocation	0
Other (List)	
	0
Construction:	
Construction Costs	1,289,600
Demolition	0
Soils/Site Preparation	137,500
Construction Mgmt	90,000
Construction Interest	20,000
Permits; Print Plans/Specs	10,000
Landscaping, Play Lots, Signage	15,000
Other (List)	
Loan fees	5,000
Fees:	
Architect	77,376
Engineering	15,000
Accounting	0
Legal	5,000
Development Fee	210,000
Leasing Fee	0
Park Impact Fees	0
Other (List)	
Real Estate taxes	2,500
Project Contingency:	25,000
Furnishings:	0
Reserves Funded from Capital:	
Operating Reserve	0
Replacement Reserve	0
Maintenance Reserve	0
Vacancy Reserve	0
Lease Up Reserve	24,000
Other: (List)	
	0
TOTAL COSTS:	2,000,976

APPLICANT: Common Wealth Development, Inc.

4. PROJECT PROFORMA

Enter total Revenue and Expense information for the proposed project for a 30 year period.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16
Gross Income	118,200	119,973	121,773	123,599	125,453	127,335	129,245	131,184	133,151	135,149	137,176	139,234	141,322	143,442	145,594	147,777
Less Vacancy/Bad Debt	8,274	8,398	8,524	8,652	8,782	8,913	9,047	9,183	9,321	9,460	9,602	9,746	9,893	10,041	10,192	10,344
Income from Non-Residential Use*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Revenue	109,926	111,575	113,249	114,947	116,671	118,422	120,198	122,001	123,831	125,688	127,574	129,487	131,430	133,401	135,402	137,433
Expenses:																
Office Expenses and Phone	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Real Estate Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Advertising, Accounting, Legal Fees	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Payroll, Payroll Taxes and Benefits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Property Insurance	3,000	3,075	3,152	3,231	3,311	3,394	3,479	3,566	3,655	3,747	3,840	3,936	4,035	4,136	4,239	4,345
Mtc, Repairs and Mtc Contracts	11,000	11,275	11,557	11,846	12,142	12,445	12,757	13,076	13,402	13,737	14,081	14,433	14,794	15,164	15,543	15,931
Utilities (gas/electric/fuel/water/sewer)	9,850	10,096	10,349	10,607	10,873	11,144	11,423	11,709	12,001	12,301	12,609	12,924	13,247	13,578	13,918	14,266
Property Mgmt	10,993	11,268	11,550	11,838	12,134	12,438	12,749	13,067	13,394	13,729	14,072	14,424	14,784	15,154	15,533	15,921
Operating Reserve Pmt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Replacement Reserve Pmt	4,000	4,100	4,203	4,308	4,415	4,526	4,639	4,755	4,874	4,995	5,120	5,248	5,380	5,514	5,652	5,793
Support Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other (List)																
Grounds	6,000	6,150	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Pest Control	2,500	2,563	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Operating Expenses	47,343	48,527	40,809	41,830	42,875	43,947	45,046	46,172	47,326	48,510	49,722	50,965	52,240	53,546	54,884	56,256
Net Operating Income	62,583	63,048	72,439	73,118	73,796	74,474	75,152	75,829	76,504	77,179	77,851	78,522	79,190	79,855	80,518	81,177
Debt Service:																
First Mortgage	52,153	52,153	52,153	52,153	52,153	52,153	52,153	52,153	52,153	52,153	52,153	52,153	52,153	52,153	52,153	52,153
Second Mortgage	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other (List)																
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Debt Service	52,153	52,153	52,153	52,153	52,153	52,153	52,153	52,153	52,153	52,153	52,153	52,153	52,153	52,153	52,153	52,153
Total Annual Cash Expenses	99,496	100,680	92,962	93,983	95,028	96,100	97,199	98,325	99,479	100,663	101,875	103,118	104,393	105,699	107,037	108,409
Total Net Operating Income	10,430	10,895	20,286	20,965	21,643	22,321	22,999	23,676	24,351	25,026	25,698	26,369	27,037	27,702	28,365	29,024
Debt Service Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Developer Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Flow	10,430	10,895	20,286	20,965	21,643	22,321	22,999	23,676	24,351	25,026	25,698	26,369	27,037	27,702	28,365	29,024
AHF City Interest Loan	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

*Including commercial tenants, laundry facilities, vending machines, parking spaces, storage spaces or application fees.

DCR Hard Debt	1.20	1.21	1.39	1.40	1.41	1.43	1.44	1.45	1.47	1.48	1.49	1.51	1.52	1.53	1.54	1.56
DCR Total Debt	1.20	1.21	1.39	1.40	1.41	1.43	1.44	1.45	1.47	1.48	1.49	1.51	1.52	1.53	1.54	1.56

Assumptions

Vacancy Rate	7.0%
Annual Increase Income	1.5%
Annual Increase Expenses	2.5%
Other	

APPLICANT:

Common Wealth Development, Inc.

3. PROJECT PROFORMA (cont.)

Enter total Revenue and Expense information for the proposed project for a 30 year period.

	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
Gross Income	149,994	152,244	154,528	156,846	159,198	161,586	164,010	166,470	168,967	171,502	174,074	176,685	179,336	182,026
Less Vacancy/Bad Debt	10,500	10,657	10,817	10,979	11,144	11,311	11,481	11,653	11,828	12,005	12,185	12,368	12,553	12,742
Income from Non-Residential Use*	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Revenue	139,495	141,587	143,711	145,866	148,054	150,275	152,529	154,817	157,140	159,497	161,889	164,317	166,782	169,284
Expenses:														
Office Expenses and Phone	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Real Estate Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Advertising, Accounting, Legal Fees	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Payroll, Payroll Taxes and Benefits	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Property Insurance	4,454	4,565	4,679	4,796	4,916	5,039	5,165	5,294	5,426	5,562	5,701	5,843	5,989	6,139
Mtc, Repairs and Mtc Contracts	16,330	16,738	17,156	17,585	18,025	18,475	18,937	19,411	19,896	20,393	20,903	21,426	21,961	22,510
Utilities (gas/electric/fuel/water/sewer)	14,622	14,988	15,363	15,747	16,140	16,544	16,957	17,381	17,816	18,261	18,718	19,186	19,665	20,157
Property Mgmt	16,319	16,727	17,145	17,574	18,013	18,464	18,925	19,398	19,883	20,380	20,890	21,412	21,947	22,496
Operating Reserve Pmt	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Replacement Reserve Pmt	5,938	6,086	6,239	6,395	6,554	6,718	6,886	7,058	7,235	7,416	7,601	7,791	7,986	8,186
Support Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other (List)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Expenses	57,663	59,104	60,582	62,096	63,649	65,240	66,871	68,543	70,256	72,013	73,813	75,658	77,550	79,489
Net Operating Income	81,832	82,483	83,129	83,770	84,406	85,035	85,658	86,274	86,883	87,484	88,076	88,659	89,232	89,795
Debt Service:														
First Mortgage	52,153	52,153	52,153	52,153	52,153	52,153	52,153	52,153	52,153	52,153	52,153	52,153	52,153	52,153
Second Mortgage	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other (List)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Debt Service	52,153	52,153	52,153	52,153	52,153	52,153	52,153	52,153	52,153	52,153	52,153	52,153	52,153	52,153
Total Annual Cash Expenses	109,816	111,257	112,735	114,249	115,802	117,393	119,024	120,696	122,409	124,166	125,966	127,811	129,703	131,642
Total Net Operating Income	29,679	30,330	30,976	31,617	32,253	32,882	33,505	34,121	34,730	35,331	35,923	36,506	37,079	37,642
Debt Service Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Developer Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Flow	29,679	30,330	30,976	31,617	32,253	32,882	33,505	34,121	34,730	35,331	35,923	36,506	37,079	37,642
AHF City Interest Loan	0	0	0	0	0	0	0	0	0	0	0	0	0	0

*Including laundry facilities, vending machines, parking spaces, storage spaces or application fees.

DCR Hard Debt	1.57	1.58	1.59	1.61	1.62	1.63	1.64	1.65	1.67	1.68	1.69	1.70	1.71	1.72
DCR Total Debt	1.57	1.58	1.59	1.61	1.62	1.63	1.64	1.65	1.67	1.68	1.69	1.70	1.71	1.72

Assumptions

Vacancy Rate	7.0%
Annual Increase Income	1.5%
Annual Increase Expenses	2.5%
Other	

Common Wealth Development's LOW-INCOME TENANT INPUT PLAN:

PURCHASE OF NEW PROPERTIES

When purchasing properties with existing tenants, we solicit verbal feedback from current tenants. We ask questions like: How did the previous owner manage the property? What ways worked for you and what ways could be improved? What ideas do you have to improve the property and your individual apartment?

For example, after speaking with a tenant at one property about limited laundry options in the neighborhood, we were able to grant her request to provide on-site laundry. We also got feedback at that same property about how the trash in the yard negatively affected a tenant's opinion of the building. We increased trash pick-up at that property.

Before doing construction on Yahara River View Apartments and major rehab of Jenifer Place, where we have the ability to design the property, we met with a group of current tenants for feedback on the design of the buildings.

EXISTING PROPERTIES

Common Wealth Development conducts an annual survey to collect feedback and suggestions from all residential tenants. Housing Staff uses this information to guide capital improvements, resident policies and maintenance priorities. For example, after feedback from surveys, we installed bike racks at some properties, put in vapor lights for safety at one property, expanded garden areas to create more garden spaces, created a compost bin at one property, changed a standard letter we sent at re-cert time to be less business-like/more welcoming and created a maintenance hotline email to give people more options for reporting a maintenance request.

COMMON WEALTH DEVELOPMENT, INC.
CONSOLIDATED FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

December 31, 2017 and 2016

CONTENTS

Independent Auditor's Report	1
Consolidated Statements of Financial Position.....	3
Consolidated Statements of Activities.....	4
Consolidated Statements of Cash Flows	5
Notes to Consolidated Financial Statements	6
Schedule of Expenditures of Federal and State Awards	18
Notes to Schedule of Expenditures of Federal and State Awards.....	20
Consolidating Schedule of Financial Position	21
Consolidating Schedule of Activities	22
Consolidated Schedules of Functional Expenses.....	23
Consolidated Schedule of Revenue and Expenses by Program and Funding Source	24
Schedule of Revenue and Expenses by Program and Funding Source – City of Madison	26
Dane County Department of Human Services Provider Agency Expense Reports	27
Schedule of CDBG Office Funds Expended by Program	29
Schedule of Real Property and Related Debt.....	30
Schedule of Other Debt.....	31
Schedule of CDBG Assigned Notes Receivable.....	32
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 <i>Government Auditing Standards</i>	33
Independent Auditor's Report on Compliance for Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance and the <i>State Single Audit Guidelines</i>	35
Schedule of Findings and Questioned Costs.....	37
City of Madison Community Development Division Schedule of Findings and Questioned Costs	39



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Common Wealth Development, Inc.
Madison, Wisconsin

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Common Wealth Development, Inc., which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, and the related consolidated statements of activities and cash flows for the years 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 consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Common Wealth Development, Inc. as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Janesville Office:
101 E. Milwaukee Street
Suite 425
Janesville, WI 53545
P: (608) 756-4020

Baraboo Office:
123 Second Street
P.O. Box 150
Baraboo, WI 53913
P: (608) 356-3966
F: (608) 356-2966

Milwaukee Office:
W229 N1433 Westwood Drive
Suite 105
Waukesha, WI 53186
P: (262) 522-7555
F: (262) 522-7550

Madison Office:
2110 Luann Lane
Madison, WI 53713
P: (608) 274-4020
F: (608) 274-0775

www.wegnercpas.com
info@wegnercpas.com
(888) 204-7665

Other Matters

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the *State Single Audit Guidelines* and is not a required part of the consolidated financial statements. The consolidating schedules of financial position and activities are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and changes in net assets of the individual entities, and they are also not a required part of the consolidated financial statements. The accompanying supplementary information on pages 23-32 is presented for purposes of additional analysis and is also not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2018, on our consideration of Common Wealth Development, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Common Wealth Development, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Common Wealth Development, Inc.'s internal control over financial reporting and compliance.

Wegner CPAs LLP

Wegner CPAs, LLP
Madison, Wisconsin
April 16, 2018

COMMON WEALTH DEVELOPMENT, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2017 and 2016

	2017	2016
ASSETS		
Cash	\$ 549,437	\$ 903,864
WHEDA replacement reserves	157,735	126,562
Certificate of deposit	60,423	60,023
Accounts receivable	173,071	272,264
Notes receivable	1,903,327	1,904,464
MEC donated facility	312,954	312,954
Prepaid expenses	38,797	31,925
Investment in Yahara River Apartments Limited Partnership	100	100
Beneficial interest in assets held by MCF	16,148	13,098
Property and equipment - net	7,732,975	7,326,933
Total assets	\$ 10,944,967	\$ 10,952,187
LIABILITIES		
Accounts payable	\$ 114,287	\$ 68,026
Accrued payroll and related liabilities	58,764	60,025
Accrued interest	5,612	5,612
Accrued real estate taxes	84,786	72,417
Security deposits	108,117	101,352
Unearned revenue	32,983	26,236
Notes payable	3,893,144	3,998,406
Notes payable - CDBG	4,375,824	4,289,199
Total liabilities	8,673,517	8,621,273
NET ASSETS		
Undesignated	122,630	556,323
Board designated	1,727,123	1,305,782
Total unrestricted net assets	1,849,753	1,862,105
Temporarily restricted	421,697	468,809
Total net assets	2,271,450	2,330,914
Total liabilities and net assets	\$ 10,944,967	\$ 10,952,187

See accompanying notes

COMMON WEALTH DEVELOPMENT, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
Years ended December 31, 2017 and 2016

	Unrestricted	Temporarily Restricted	2017 Total	Unrestricted	Temporarily Restricted	2016 Total
REVENUES AND GAINS						
Rental income	\$ 1,312,054	\$ -	\$ 1,312,054	\$ 1,279,510	\$ -	\$ 1,279,510
Grants	489,156	-	489,156	472,430	-	472,430
Contributions	66,294	187,215	253,509	45,270	286,594	331,864
Fees	97,646	-	97,646	158,471	-	158,471
Willy Street Fair	54,791	-	54,791	57,136	-	57,136
Interest	121,939	-	121,939	89,992	-	89,992
Gain on sale of lease-purchase property	92,697	-	92,697	8,339	-	8,339
Other	74,815	-	74,815	98,907	-	98,907
Total revenues and gains	2,309,392	187,215	2,496,607	2,210,055	286,594	2,496,649
EXPENSES						
Program services						
Housing	1,078,557	-	1,078,557	1,019,671	-	1,019,671
Economic development	1,167,465	-	1,167,465	1,150,083	-	1,150,083
Health equity	53,209	-	53,209	37,171	-	37,171
Supporting activities						
Management and general	170,192	-	170,192	140,656	-	140,656
Fundraising	86,648	-	86,648	117,333	-	117,333
Total expenses	2,556,071	-	2,556,071	2,464,914	-	2,464,914
NET ASSETS RELEASED FROM RESTRICTIONS						
Expiration of time restrictions	148,747	(148,747)	-	148,747	(148,747)	-
Satisfaction of purpose restrictions	85,580	(85,580)	-	87,203	(87,203)	-
Total net assets released from restrictions	234,327	(234,327)	-	235,950	(235,950)	-
Change in net assets	(12,352)	(47,112)	(59,464)	(18,909)	50,644	31,735
Net assets - beginning of year	1,862,105	468,809	2,330,914	1,881,014	418,165	2,299,179
Net assets - end of year	\$ 1,849,753	\$ 421,697	\$ 2,271,450	\$ 1,862,105	\$ 468,809	\$ 2,330,914

See accompanying notes

COMMON WEALTH DEVELOPMENT, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (59,464)	\$ 31,735
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	309,482	287,766
Change in value of beneficial interest in assets held by MCF	(2,250)	(648)
(Increase) decrease in assets		
Accounts receivable	99,193	(81,948)
Prepaid expenses	(6,872)	(594)
Increase (decrease) in liabilities		
Accounts payable	46,261	(20,648)
Accrued payroll and related liabilities	(1,261)	1,879
Accrued real estate taxes	12,369	(2,347)
Security deposits	6,765	9,131
Unearned revenue	6,747	503
Net cash flows from operating activities	410,970	224,829
CASH FLOWS FROM INVESTING ACTIVITIES		
Deposits to and interest retained in WHEDA replacement reserves	(31,173)	(30,635)
Interest retained in certificate of deposit	(400)	-
Withdrawals from WHEDA replacement reserves	-	33,051
Purchases of property and equipment	(715,524)	(728,395)
Transfer to agency endowment fund	(800)	(2,532)
Issuance of notes receivable	(115,754)	(119,066)
Collections of notes receivable	116,891	122,106
Net cash flows from investing activities	(746,760)	(725,471)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable	117,830	724,635
Payments on notes payable	(136,467)	(130,862)
Net cash flows from financing activities	(18,637)	593,773
Change in cash	(354,427)	93,131
Cash - beginning of year	903,864	810,733
Cash - end of year	<u>\$ 549,437</u>	<u>\$ 903,864</u>
SUPPLEMENTAL INFORMATION		
Cash paid for interest	\$ 187,019	\$ 174,655

See accompanying notes

COMMON WEALTH DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2017 and 2016

Common Wealth Development, Inc. (CWD) supports and preserves the vitality of neighborhoods in the Madison metropolitan area. Our work serves as the foundational bedrock of community and economic development, with projects aimed at improving the housing and business climate of our neighborhoods through a people first approach centered on racial equity and community-level health improvement. CWD serves Dane County, Wisconsin, with consulting services available on an *ad hoc* basis to other communities. CWD derives revenue from rental income, grants from federal, state and local government agencies, and fundraising activities.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

The consolidated financial statements include the accounts of Common Wealth Development, Inc. and its wholly owned subsidiaries, CW Property Manager, LLC and CW General Partner, LLC, and its 99%-owned subsidiary, CW Developer, LLC. All material intra-entity transactions have been eliminated. CW Developer, LLC was dissolved in 2017 and its remaining assets were transferred to Common Wealth Development, Inc.

Basis of Presentation

CWD reports information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets—Net assets that are not restricted by donors. Designations are voluntary board-approved segregations of unrestricted net assets for specific purposes, projects, or investments.

Temporarily restricted net assets—Net assets whose use has been limited by donor-imposed time restrictions or purpose restrictions.

Permanently restricted net assets—Net assets that have been restricted by donors to be maintained by CWD in perpetuity.

Receivables

CWD considers all accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts has been developed. If accounts become uncollectible, they will be charged to operations when that determination is made.

Property and Equipment

The cost of property and significant improvements to property are capitalized and depreciated over estimated useful lives of 3 to 40 years on the straight-line method. Improvements to leased property are capitalized and amortized over the improvement's useful life, ranging from 10 to 30 years. Office equipment that costs less than \$5,000 is expensed in the year purchased.

COMMON WEALTH DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Investment

CWD has a .01% ownership interest in the Yahara River Apartments Limited Partnership stated at cost. CWD is the sole general partner.

Contributions

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions.

Government Grants

Certain programs of CWD are funded in part by grants from various government agencies. Revenue from these grants is based upon the actual cost of providing services up to the maximum amount specified in the grants. Costs are allocated to these grants in accordance with established procedures and are subject to audit by various government agencies. No determination has been made regarding the effect, if any, such audits could have on the consolidated financial statements.

Donated Services

No amounts have been reflected in the consolidated financial statements for donated services. CWD generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist CWD with specific assistance, campaign solicitations, and various committee assignments. CWD receives more than 500 volunteer hours per year.

Estimates

Management uses estimates and assumptions in preparing consolidated financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

COMMON WEALTH DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. The following program services are included in the accompanying consolidated financial statements:

Housing provides safe, stable and healthy housing opportunities for renters and aspiring home-owners. It consists of 146 units of affordable housing, owns and manages 86 units of affordable housing in multiple locations, manages the 60 unit affordable housing Yahara River View Apartment building, purchased and rehabilitated 8 units of affordable housing included in the total above, and administers 20 units of affordable home ownership. The housing program supports the retention and sustainability of affordable land in Madison and Dane County in providing management services to the Madison Area Community Land Trust.

Economic development consists of adult and youth workforce development and management of two business incubators. CWD manages a 42,000 square foot business incubator providing small business technical assistance and referrals, a 50,000 square foot light industrial building and a community based employment training and placement program with case management support. The youth and adult workforce development programs coach participants in financial fluency, job readiness and entrepreneurial leadership.

Health equity integrates comprehensive community health approaches to violence prevention efforts.

Date of Management's Review

Management has evaluated subsequent events through April 16, 2018, the date which the consolidated financial statements were available to be issued.

Income Tax Status

CWD is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, CWD qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

CW Property Manager, LLC, CW Developer, LLC, and CW General Partner, LLC are treated as partnerships for federal and state income tax purposes. Therefore, the accompanying financial statements do not reflect income tax expense because all federal and state taxable income or loss is the responsibility of the individual members.

Reclassifications

Certain accounts in the prior-year consolidated financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

COMMON WEALTH DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 2—CASH

Cash consists of checking and savings. Cash was available for the following purposes at December 31, 2017 and 2016:

	2017	2016
Operations	\$ 205,796	\$ 554,972
Board designated purposes (note 13)	343,641	348,892
Cash	<u>\$ 549,437</u>	<u>\$ 903,864</u>

NOTE 3—CONCENTRATION OF CREDIT RISK

CWD maintains cash balances at five financial institutions located in Madison, Wisconsin. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2016, CWD's uninsured cash balances total approximately \$77,000. At December 31, 2017, CWD's cash balances were fully insured with federal depository insurance.

NOTE 4—BENEFICIAL INTEREST IN ASSETS HELD BY MCF

CWD has established an agency endowment fund at Madison Community Foundation (MCF). CWD recognizes the fair value of contributions as support when received and recognizes transfers to the agency endowment as decreases in cash and increases in an asset called "Beneficial interest in assets held by MCF" when the funds are transferred to MCF.

CWD acknowledges that by virtue of the governing instrument of MCF, the Board of Governors of MCF has the authority to modify any restriction or condition on the distribution of assets from the Funds if, in the reasonable judgment of the Board of Governors, such restriction or condition becomes unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community served by MCF.

As of December 31, 2017 and 2016, CWD has designated \$16,148 and \$13,098 of unrestricted net assets for the agency endowment. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets.

Composition of and changes in endowment net assets were as follows:

	2017	2016
Board-designated endowment fund		
- beginning of year	\$ 13,098	\$ 9,918
Contributions to agency endowment	800	2,532
Net investment activity	<u>2,250</u>	<u>648</u>
Board-designated endowment fund - end of year	<u>\$ 16,148</u>	<u>\$ 13,098</u>

COMMON WEALTH DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 4—BENEFICIAL INTEREST IN ASSETS HELD BY MCF (continued)

Fair values of assets measured on a recurring basis as December 31, 2017 and 2016 are as follows:

	Fair Value	Significant Unobservable Inputs (Level 3)
2017		
Beneficial interest in assets held by MCF	\$ 16,148	\$ 16,148
2016		
Beneficial interest in assets held by MCF	\$ 13,098	\$ 13,098

CWD's beneficial interest in assets held by MCF represents an agreement between CWD and MCF in which CWD transfers assets to MCF in exchange for future distributions. The beneficial interest is not actively traded and significant other observable inputs are not available. Thus, the fair value of the beneficial interest is measured at the proportional share of the underlying assets as reported to CWD by MCF. Little information about those assets is released publicly. The estimated value does not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably estimated.

The following table presents additional information about assets measured at fair value on a recurring basis using significant unobservable inputs:

	2017	2016
Beginning balance	\$ 13,098	\$ 9,918
Change in value of beneficial interest included in change in net assets	2,250	648
Purchases	800	2,532
Ending balance	\$ 16,148	\$ 13,098

The change in value of beneficial interest included in change in net assets is reported as interest on the consolidated statements of activities.

NOTE 5—MEC DONATED FACILITY

CWD leases the Madison Enterprise Center (MEC) located at 100 South Baldwin Street in Madison. The expiration date of the lease is automatically extended for one year on May 31st of each year. Either party may terminate the lease upon three-year written notice. The facility must be used for business incubator purposes, included as part of the economic development program of CWD, in accordance with lease covenants. CWD is responsible for paying property taxes on the MEC building during the term of the lease. CWD is also responsible for janitorial services, waste removal services, maintenance of interior spaces, and all utility expenses including water and sewer charges. The lease required a rental payment of \$1 per square foot during 2017 and could be increased to \$2.50 per square foot for 2018 based on the current agreement. The lease

COMMON WEALTH DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 5—MEC DONATED FACILITY (continued)

was amended in 2007 for improvements completed in February 2008. Future minimum lease payments under the amended lease could be up to \$65,500 for 2018.

Management has recorded the MEC donated facility as an asset of \$312,954 for the use of the facility, which it estimates to have an annual fair value of \$109,447 and \$104,235 for 2018 and 2019. The MEC donated facility receivable in more than one year has been discounted \$15,387 using a discount rate of 5% and is reflected at the present value of the estimated future fair value of the facility. The fair value of the donated facility was recorded as both support and expense in the consolidated statements of activities for 2017 and 2016.

NOTE 6—PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2017 and 2016:

	2017	2016
Land	\$ 1,111,571	\$ 1,111,571
Land improvements	96,708	96,708
Buildings	9,075,044	8,791,994
Furniture and equipment	33,079	33,079
Leasehold improvements	511,501	511,501
Construction in process	-	5,410
Properties held for sale	437,884	-
Property and equipment	11,265,787	10,550,263
Less accumulated depreciation	3,532,812	3,223,330
Property and equipment - net	<u>\$ 7,732,975</u>	<u>\$ 7,326,933</u>

NOTE 7—NOTES RECEIVABLE

Notes receivable consisted of the following at December 31, 2017 and 2016:

	2017	2016
Yahara River Apartments -		
\$104,000 note receivable at 0%, no debt service until maturity, due August 2019. The non-recourse mortgage is secured by real estate.	\$ 104,000	\$ 104,000
\$502,700 note receivable and accrued interest at 7.5%, annual payments from cash flow as defined in limited partnership agreement beginning April 2004, after repayment of two subordinated loans, due June 2033. The non-recourse mortgage is secured by real estate.	1,427,067	1,327,504

COMMON WEALTH DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 7—NOTES RECEIVABLE (continued)

\$171,800 note receivable and accrued interest at 7.5%, annual payments from cash flow as defined in limited partnership agreement beginning April 2004, due June 2033. The non-recourse mortgage is secured by real estate.	200,265	267,099
Revolving loan -		
\$8,192 note receivable at 0% interest, due from the administrator of the Down Payment Loan Fund Program. The note has no stated due date. The loan is not secured.	8,192	8,192
CDBG program income revolving loans -		
\$51,025 note receivable at 3% interest, due from 7th Generation Energy Systems. Monthly principal and interest payments of \$917, due July 2016, secured by equipment.	-	11,107
\$20,000 note receivable at 5% interest, due from Underground Food Collective. Monthly principal and interest payments of \$377, due July 2017, secured by equipment.	-	1,347
\$19,250 note receivable at 5%, due from Lala's Nuts. Monthly principal and interest payments of \$368, due April 1, 2018, secured by personal guarantees.	1,384	5,635
\$12,000 note receivable at 0%, due from Old Sugar Distillery. Monthly principal payments of \$200 beginning November 1, 2015 and ending September 1, 2020.	7,000	9,400
Lease-purchase properties sold -		
0% notes due from buyers of properties previously owned by CWD. The notes are due upon sale of the properties by the owners -		
1432 Williamson \$14,761 note - \$0 assigned to CDBG	-	14,761
609 S Baldwin \$58,666 note - \$47,094 assigned to CDBG	11,572	11,572
303 S Dickinson \$24,000 note - \$20,353 assigned to CDBG	3,647	3,647
1507 Williamson \$45,000 note - \$43,278 assigned to CDBG	1,722	1,722
1430 Williamson \$28,750 note - \$23,853 assigned to CDBG	4,897	4,897
309 S Dickinson \$31,250 note - \$27,603 assigned to CDBG	3,647	3,647
305 S Dickinson \$31,875 note - \$30,867 assigned to CDBG	1,008	1,008
\$46,550 note - \$36,550 assigned to CDBG for each condo -		
802 Williamson #1	10,000	10,000
802 Williamson #2	10,000	10,000
808 Williamson #209	10,000	10,000
808 Williamson #309	10,000	10,000

COMMON WEALTH DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 7—NOTES RECEIVABLE (continued)

LURA 15-year retention period -

\$46,926 note receivable at 0% interest, due from buyer of 3417 Harper Road, a property previously owned by CWD. Note forgiven after Land Use Restriction Agreement 15-year retention period through June 2025.

46,926 46,926

\$42,000 note receivable at 0% interest, due from buyer of 53 N Bryan Street, a property previously owned by CWD. Note forgiven after Land Use Restriction Agreement 15-year retention period through June 2025.

42,000 42,000

Notes receivable

\$ 1,903,327 \$ 1,904,464

NOTE 8—NOTES PAYABLE

Notes payable consisted of the following at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Mortgages payable, interest rates range from 0% to 5.19% payable in monthly installments ranging from \$799 to \$4,537 including interest and principal, maturing at various times through December 2021. The mortgages are secured by real estate.	\$ 3,217,772	\$ 3,299,796
Affordable Housing Program 0% note payable, no debt service due until maturity, due August 2019. The non-recourse mortgage is secured by real estate.	104,000	104,000
Mortgage payable to WHEDA - Tax-exempt bonds, 7% interest, payable in monthly installments of \$1,342 including principal and interest, due October 2028.	121,563	128,875
0% interest strip, payable in monthly principal installments of \$1,342 beginning November 2028, due May 2032. The mortgage is secured by real estate.	56,500	56,500
Mortgage payable to WHEDA - Tax-exempt bonds, 7% interest, payable in monthly installments of \$2,953 including principal and interest, due November 2028. 0% interest strip, payable in monthly principal installments of \$2,953 beginning December 2028, due May 2032. The mortgage is secured by real estate.	269,809	285,735
	<u>123,500</u>	<u>123,500</u>
Notes payable	<u>\$ 3,893,144</u>	<u>\$ 3,998,406</u>

COMMON WEALTH DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 8—NOTES PAYABLE (continued)

Principal payments of notes payable for the years ending December 31 are as follows:

2018	\$ 1,239,739
2019	1,100,318
2020	361,828
2021	611,592
2022	41,034
Thereafter	<u>538,633</u>
Future minimum principal payments due on long-term debt	<u><u>\$ 3,893,144</u></u>

CWD has two mortgages payable to the Wisconsin Housing and Economic Development Authority (WHEDA) for the Divall Properties (Divall) and the Falconer Housing Project (Falconer). Monthly escrow deposits for replacement reserves of \$1,904 for Divall and \$500 for Falconer are required to be paid to WHEDA. Disbursements are restricted to replacement of structural elements or mechanical equipment, and may be made only upon approval of WHEDA. There were approved disbursements from these reserves of \$15,229 for Divall and \$17,822 for Falconer during 2016. Total interest earned on these reserves was \$2,326 and \$1,787 and for 2017 and 2016.

NOTE 9—NOTES PAYABLE - CDBG

CWD has various mortgages payable to the City of Madison Community Development Block Grant (CDBG) Office. These mortgages are non-interest bearing and become due upon the sale of the underlying property. The mortgages were used for acquisition and rehabilitation costs of the properties. Notes payable - CDBG consisted of the following at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Main Street Industries - 927-931 E Main Street	\$ 726,600	\$ 736,600
1108, 1110, and 1114 Williamson	355,320	355,320
1343 Williamson Street	45,005	45,005
Jenifer Place	547,434	547,434
1343 Williamson Street (Lead)	21,259	21,259
1343 Williamson Street (Siding)	10,000	10,000
1001 Williamson Street	44,500	44,500
MMHA - Divall (Old CDBG funds)	175,330	175,330
MMHA - Divall (Home funds)	95,483	95,483
1420 Williamson Street (Lead)	22,500	22,500
1406 Williamson Street	25,000	25,000
1406 Williamson Street (Home funds)	70,000	70,000
1459 E Main Street (Home funds)	427,295	427,295
5726 Balsam Road (Home funds)	373,175	373,175
5817 Balsam Road (Home funds)	183,600	183,600
Underground Food Collective	-	1,454
7th Generation Energy Systems	-	14,750
Lala's Nuts	-	5,001

COMMON WEALTH DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 9—NOTES PAYABLE – CDBG (continued)

Leland	401,093	401,093
5802 Balsam Road	183,600	183,600
5801 Raymond Road	183,600	183,600
2102 Leland	367,200	367,200
1120 Williamson	60,395	-
405 Rodgers	57,435	-
	<u>4,375,824</u>	<u>4,289,199</u>
Notes payable - CDBG	<u>\$ 4,375,824</u>	<u>\$ 4,289,199</u>

NOTE 10—LINE OF CREDIT

CWD had a \$50,000 line of credit which was unused at December 31, 2017 and 2016. The line of credit had an interest rate of 3.75% and expired on December 26, 2017.

NOTE 11—CONTINGENCIES

In 1995, CWD purchased a light industrial facility. A CDBG note totaling \$726,600 was used for acquisition of the property. As part of CWD's contract with CDBG, CWD is required to make annual reports to CDBG regarding job creation, to ensure the facility meets accessibility standards and provide support services to facility tenants. The total of CDBG invested funds cannot exceed a ratio of 105% loan-to-value. CWD is also required to report cash flow from the facility to CDBG on an annual basis. Beginning in 1997, CWD is required to deposit at least 51% of net cash flows into a reserve account to be used for future capital costs related to economic development and housing projects. The use of this reserve fund is subject to CDBG approval.

There was a net cash flow of \$20,813 and \$106,426 in 2017 and 2016. Upon sale or disposition of the light industrial facility, the greater of the original note amount or 43% of the facility's appraised value at the time of disposition is due to CDBG.

At CWD's other light industrial facility, Madison Enterprise Center, the CDBG rent surcharge is an amount collected from Madison Enterprise Center tenants based upon 3% of rents. Disbursements of the surcharge can only be made with CDBG approval.

NOTE 12—CENTRAL PARK APARTMENTS

In 2007, CWD entered into a funding agreement associated with the Central Park Apartments (Project) located at 305 S Ingersoll and 1115 E Wilson. Under the agreement, CWD has the option to purchase twenty-four units, including fourteen units to be made available to low-income or moderate-income households and covered by a land use restriction agreement. The CDBG Office has agreed to lend CWD \$606,900 and grant CWD \$107,100. CWD will lend the loan proceeds to the owner to partially finance the Project (Owner Loan) for a term of seventeen years with interest at 6%. The Owner Loan is evidenced by a mortgage note and mortgage, which have been assigned by CWD to the CDBG Office. CWD retains options to purchase the twenty-four units. There was \$606,900 outstanding on the note, plus accrued interest of \$416,856 at December 31, 2017 and 2016; \$107,100 had been drawn on the grant as of December 31, 2008.

COMMON WEALTH DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 13—BOARD DESIGNATED NET ASSETS

Board designated net assets consisted of the following at December 31, 2017 and 2016:

	2017	2016
Operating reserves -		
Operating reserve	\$ 20,536	\$ 20,536
Beneficial interest in assets held by MCF	16,148	13,098
Willy Street Fair reserve	2,000	2,000
Fund development reserve	-	23,951
Business incubator capital reserves -		
Main Street Industries -		
Reserves	199,306	206,770
Madison Enterprise Center -		
Reserves	29,525	22,136
Housing capital reserves -		
1108-1114 Williamson Street reserves	55,979	53,179
Jenifer Place	19,560	13,560
Leland Properties	733	-
1501 Williamson	9,283	4,813
Other housing reserves	6,719	1,947
Property and equipment reserves -	1,367,334	943,792
Board designated net assets	<u>\$ 1,727,123</u>	<u>\$ 1,305,782</u>

NOTE 14—TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods at December 31, 2017 and 2016:

	2017	2016
Restrictions by time -		
MEC donated facility	\$ 312,954	\$ 312,954
LURA 15-year retention period	88,926	88,926
Restrictions by purpose -		
Community Emergency Fund	1,309	1,309
MCF Acorn Fund Endowment	-	800
United Way MIA	-	1,959
Youth Business Mentoring	7,809	26,984
Southwest Madison	10,699	35,877
Temporarily restricted net assets	<u>\$ 421,697</u>	<u>\$ 468,809</u>

During 2010, CWD sold 53 N Bryan and 3417 Harper as part of its lease-purchase program. As part of the sales, CWD entered into a Land Use Restriction Agreement (LURA) with the buyers. Under the terms of the LURA, the properties must be maintained as affordable housing during a 15-year retention period through June 2025. CWD also issued notes receivable to the buyers and recognized temporarily restricted contributions of the same amount from Project Home and the City of Madison - CDBG Office. The contributions will be released to unrestricted net assets after the 15-year retention period.

COMMON WEALTH DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 15—PENSION PLAN

CWD sponsors a Simplified Employee Pension (SEP) Plan. To be eligible to participate in the plan, employees must be 21 years of age, performed service during at least two of the preceding five years and have earned more than \$300 for the year. Contributions to the plan are made at the discretion of the Board of Directors and amounted to \$9,100 and \$9,852 for 2017 and 2016.

NOTE 16—SALE OF PROPERTIES

Properties sold as part of CWD's lease-purchase program provide affordable home purchase opportunities for low-to-moderate income individuals and families. Each new owner and CWD have signed an option to purchase, in which the owner grants CWD the sole and exclusive option to purchase the property. If the owner plans to transfer the property, CWD has 60 days after the determination of appraisal value to notify the owner whether or not it will purchase the property. If CWD declines, the owner has 180 days to transfer the property without regard to the option to purchase agreement.

A property was sold in each of 2017 and 2016 in which CWD did not exercise its option to purchase. CWD exercised its options to purchase on two properties during 2017. These properties are held for sale as of December 31, 2017.

COMMON WEALTH DEVELOPMENT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended December 31, 2017

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
SNAP Cluster				
Department of Agriculture Dane County Department of Human Services—State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	83803	\$ -	\$ 51,592
CDBG—Entitlement Grants Cluster				
Department of Housing and Urban Development City of Madison Community Development Division— Community Development Block Grants/Entitlement Grants Direct Loan	14.218		-	6,455
Other Programs				
Department of Housing and Urban Development City of Madison Community Development Division— Home Investment Partnerships Program	14.239		-	3,092,317
City of Madison Community Development Division— Home Investment Partnerships Program	14.239		-	8,100
Total 14.239			-	3,100,417
Wisconsin Department of Health Services—Lead Hazard Reduction Demonstration Grant Program	14.905		-	43,759
Total Department of Housing and Urban Development			-	3,150,631
Department of Justice City of Madison Police Department—Byrne Criminal Justice Innovation Program	16.817		-	52,437

See accompanying notes to schedule of federal and state awards.

COMMON WEALTH DEVELOPMENT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended December 31, 2017

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
Department of Energy City of Madison Community Development Division—Energy Efficiency and Conservation Block Grant Program (EECBG) Direct Loan	81.128		-	10,000
Total expenditures of federal awards			\$ -	\$ 3,264,660
<u>State Grantor/Program</u>	<u>State Identifying Number</u>		<u>Passed Through to Subrecipients</u>	<u>Total State Expenditures</u>
Wisconsin Department of Health Services Early Intervention	437-3412		\$ -	\$ 5,000

See accompanying notes to schedule of federal and state awards.

COMMON WEALTH DEVELOPMENT, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended December 31, 2017

NOTE 1—BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the "Schedule") includes the federal and state award activity of Common Wealth Development, Inc. under programs of the federal government and state agencies for the year ended December 31, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the *State Single Audit Guidelines*. Because the Schedule presents only a selected portion of the operations of Common Wealth Development, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Common Wealth Development, Inc.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditure are recognized following, as applicable, either the cost principles in Office of Management and Budget Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3—INDIRECT COST RATE

Common Wealth Development, Inc. has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4—LOANS OUTSTANDING

Common Wealth Development, Inc. has received the federal loan programs listed below. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at December 31, 2017 consists of:

CFDA Number	Program Name	Outstanding Balance at December 31, 2017
14.239	Home Investment Partnerships Program	\$ 3,092,317
14.905	Lead Hazard Reduction Demonstration Grant Program	43,759

COMMON WEALTH DEVELOPMENT, INC.
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
December 31, 2017

	CWD	CW Property Manager	CW General Partner	Eliminations	Total 2017
ASSETS					
Cash	\$ 549,356	\$ 81	\$ -	\$ -	\$ 549,437
WHEDA replacement reserves	157,735	-	-	-	157,735
Certificate of deposit	60,423	-	-	-	60,423
Accounts receivable	173,071	8,079	-	(8,079)	173,071
Notes receivable	1,903,327	-	-	-	1,903,327
MEC donated facility	312,954	-	-	-	312,954
Prepaid expenses	38,797	-	-	-	38,797
Investment in Yahara River Apartments Limited Partnership	100	-	100	(100)	100
Beneficial interest in assets held by MCF	16,148	-	-	-	16,148
Property and equipment - net	7,732,975	-	-	-	7,732,975
Total assets	\$ 10,944,886	\$ 8,160	\$ 100	\$ (8,179)	\$ 10,944,967
LIABILITIES					
Accounts payable	\$ 114,287	\$ 8,079	\$ -	\$ (8,079)	\$ 114,287
Accrued payroll and related liabilities	58,764	-	-	-	58,764
Accrued interest	5,612	-	-	-	5,612
Accrued real estate taxes	84,786	-	-	-	84,786
Security deposits	108,117	-	-	-	108,117
Unearned revenue	32,983	-	-	-	32,983
Notes payable	3,893,144	-	-	-	3,893,144
Notes payable - CDBG	4,375,824	-	-	-	4,375,824
Total liabilities	8,673,517	8,079	-	(8,079)	8,673,517
NET ASSETS					
Undesignated	122,549	81	100	(100)	122,630
Board designated	1,727,123	-	-	-	1,727,123
Total unrestricted net assets	1,849,672	81	100	(100)	1,849,753
Temporarily restricted	421,697	-	-	-	421,697
Total net assets	2,271,369	81	100	(100)	2,271,450
Total liabilities and net assets	\$ 10,944,886	\$ 8,160	\$ 100	\$ (8,179)	\$ 10,944,967

COMMON WEALTH DEVELOPMENT, INC.
CONSOLIDATING SCHEDULE OF ACTIVITIES
Year ended December 31, 2017

	CWD	CW Property Manager	CW Developer	CW General Partner	Eliminations	Total 2017
REVENUES AND GAINS						
Rental income	\$ 1,312,054	\$ -	\$ -	\$ -	\$ -	\$ 1,312,054
Grants	489,156	-	-	-	-	489,156
Contributions	253,509	-	-	-	-	253,509
Fees	97,646	84,318	-	-	(84,318)	97,646
Willy Street Fair	54,791	-	-	-	-	54,791
Interest	121,939	-	-	-	-	121,939
Gain on sale of lease-purchase property	92,697	-	-	-	-	92,697
Other	74,815	-	-	-	-	74,815
Total revenues and gains	2,496,607	84,318	-	-	(84,318)	2,496,607
EXPENSES						
Personnel	1,155,112	24,833	-	-	(24,833)	1,155,112
Occupancy	668,610	59,485	-	-	(59,485)	668,610
Depreciation	309,482	-	-	-	-	309,482
Interest	187,019	-	-	-	-	187,019
Office	127,534	-	-	-	-	127,534
Professional fees	52,779	-	-	-	-	52,779
Participants	7,800	-	-	-	-	7,800
Bad debt expense	7,986	-	-	-	-	7,986
Other	39,867	-	81	-	(199)	39,749
Total expenses	2,556,189	84,318	81	-	(84,517)	2,556,071
Change in net assets	(59,582)	-	(81)	-	199	(59,464)
Net assets - beginning of year	2,330,951	81	81	100	(299)	2,330,914
Net assets - end of year	<u>\$ 2,271,369</u>	<u>\$ 81</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ (100)</u>	<u>\$ 2,271,450</u>

COMMON WEALTH DEVELOPMENT, INC.
CONSOLIDATED SCHEDULES OF FUNCTIONAL EXPENSES
Years ended December 31, 2017 and 2016

	Housing	Economic Development	Health Equity	Total Program Services	Management and General	Fundraising	Total Supporting Activities	2017 Total Expenses
Personnel	\$ 405,413	\$ 557,722	\$ 46,331	\$ 1,009,466	\$ 105,778	\$ 39,868	\$ 145,646	\$ 1,155,112
Occupancy	241,223	409,886	-	651,109	10,138	7,363	17,501	668,610
Depreciation	224,367	75,689	-	300,056	9,426	-	9,426	309,482
Interest	156,824	30,195	-	187,019	-	-	-	187,019
Office	39,689	63,254	1,670	104,613	17,679	5,242	22,921	127,534
Professional fees	1,851	14,917	2,310	19,078	26,752	6,949	33,701	52,779
Participants	-	7,800	-	7,800	-	-	-	7,800
Bad debt expense	7,986	-	-	7,986	-	-	-	7,986
Other	1,204	8,002	2,898	12,104	419	27,226	27,645	39,749
Total expenses	\$ 1,078,557	\$ 1,167,465	\$ 53,209	\$ 2,299,231	\$ 170,192	\$ 86,648	\$ 256,840	\$ 2,556,071
	Housing	Economic Development	Health Equity	Total Program Services	Management and General	Fundraising	Total Supporting Activities	2016 Total Expenses
Personnel	\$ 376,458	\$ 537,323	\$ 37,171	\$ 950,952	\$ 108,259	\$ 67,554	\$ 175,813	\$ 1,126,765
Occupancy	232,385	377,542	-	609,927	6,608	8,861	15,469	625,396
Depreciation	203,973	77,220	-	281,193	6,573	-	6,573	287,766
Interest	138,025	34,959	-	172,984	1,671	-	1,671	174,655
Office	45,305	75,949	-	121,254	11,502	8,706	20,208	141,462
Professional fees	21,596	34,096	-	55,692	5,034	6,762	11,796	67,488
Participants	-	9,157	-	9,157	-	-	-	9,157
Other	1,929	3,837	-	5,766	1,009	25,450	26,459	32,225
Total expenses	\$ 1,019,671	\$ 1,150,083	\$ 37,171	\$ 2,206,925	\$ 140,656	\$ 117,333	\$ 257,989	\$ 2,464,914

COMMON WEALTH DEVELOPMENT, INC.
CONSOLIDATED SCHEDULE OF REVENUE AND EXPENSES BY PROGRAM AND FUNDING SOURCE
Year Ended December 31, 2017

Economic Development								
	City of Madison YBMP	City of Madison WFMYP	City of Madison STEP	Dane County Department of Human Services Youth Employment	Dane County Department of Human Services STEP	Dane County Department of Human Services FSET 50/50	Other	Total
SUPPORT AND REVENUE								
Rental income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 514,871	\$ 514,871
Grants	137,756	96,336	7,086	126,749	17,200	51,592	-	436,719
Contributions	-	-	-	-	-	-	210,426	210,426
Fees	-	-	-	-	-	-	3,644	3,644
Willy Street Fair	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	2,028	2,028
Gain on sale of lease- purchase property	-	-	-	-	-	-	47,097	47,097
Other	-	-	-	-	-	-	9,904	9,904
Total support and revenue	137,756	96,336	7,086	126,749	17,200	51,592	787,970	1,224,689
EXPENSES								
Personnel	112,109	89,071	7,150	106,639	17,897	73,018	207,017	612,901
Occupancy	3,110	438	-	2,288	-	-	409,338	415,174
Depreciation	-	-	-	-	-	-	80,606	80,606
Interest	-	-	-	-	-	-	30,195	30,195
Office	17,151	1,605	-	12,775	-	2,203	38,742	72,476
Professional fees	3,370	682	-	3,146	-	12,666	9,008	28,872
Participants	1,920	338	-	4,242	-	700	600	7,800
Bad debt expense	-	-	-	-	-	-	-	-
Other	119	4,659	-	111	-	5	3,388	8,282
Total expenses	137,779	96,793	7,150	129,201	17,897	88,592	778,894	1,256,306
Excess (deficit)	<u>\$ (23)</u>	<u>\$ (457)</u>	<u>\$ (64)</u>	<u>\$ (2,452)</u>	<u>\$ (697)</u>	<u>\$ (37,000)</u>	<u>\$ 9,076</u>	<u>\$ (31,617)</u>

	<u>Housing</u>	<u>Health Equity</u>		
		City of Madison Police Dept. BCJIP		
	<u>Other</u>		<u>Other</u>	<u>Total</u>
SUPPORT AND REVENUE				
Rental income	\$ 797,183	\$ -	\$ -	\$ 1,312,054
Grants	-	52,437	-	489,156
Contributions	21,477	-	21,606	253,509
Fees	94,002	-	-	97,646
Willy Street Fair	-	-	54,791	54,791
Interest	119,911	-	-	121,939
Gain on sale of lease- purchase property	45,600	-	-	92,697
Other	64,911	-	-	74,815
Total support and revenue	1,143,084	52,437	76,397	2,496,607
EXPENSES				
Personnel	456,012	46,331	39,868	1,155,112
Occupancy	246,073	-	7,363	668,610
Depreciation	228,876	-	-	309,482
Interest	156,824	-	-	187,019
Office	48,146	1,670	5,242	127,534
Professional fees	14,648	2,310	6,949	52,779
Participants	-	-	-	7,800
Bad debt expense	7,986	-	-	7,986
Other	1,461	2,898	27,108	39,749
Total expenses	1,160,026	53,209	86,530	2,556,071
Excess (deficit)	<u>\$ (16,942)</u>	<u>\$ (772)</u>	<u>\$ (10,133)</u>	<u>\$ (59,464)</u>

	City of Madison - STEP		
	6/1/16 - 12/31/2016	1/1/17 - 6/30/2017	Total
SUPPORT AND REVENUE			
Government grants	\$ 7,914	\$ 7,086	\$ 15,000
Total support and revenue	7,914	7,086	15,000
EXPENSES AND LOSSES			
Personnel	7,914	7,150	15,064
Total expenses	7,914	7,150	15,064
Excess of revenue (expenses)	\$ -	\$ (64)	\$ (64)
	City of Madison - YBMP - Youth Employment Expansion		
	4/1/2016 12/31/2016	1/1/17 - 6/30/2017	Total
SUPPORT AND REVENUE			
Government grants	\$ 12,272	\$ 27,257	\$ 39,529
Total support and revenue	12,272	27,257	39,529
EXPENSES AND LOSSES			
Personnel	9,224	23,708	32,932
Occupancy	388	400	788
Office	131	3,149	3,280
Participants	2,529	-	2,529
Total expenses	12,272	27,257	39,529
Excess of revenue (expenses)	\$ -	\$ -	\$ -

DANE COUNTY DEPARTMENT OF HUMAN SERVICES

PROVIDER AGENCY EXPENSE REPORT THROUGH:

December-17

Provider Name:	Common Wealth Development	Contract #:	83755	*Provider Certified By:		1/24/2018
Program Name:	Youth Employment Initiative	Program Group #:	6916			Date
	1 Approved County-Funded Budget	2 YTD County-Funded Admin Expense	3 YTD County-Funded Program Expense	4 YTD County-Funded Expense Total (= Col. 2 + 3)	5 YTD County-Funded Budget	6 YTD % Variance from Budget
A PERSONNEL						
Salaries	81,605	7,759	73,426	81,185	81,605	
Taxes	6,386	737	5,650	6,387	6,386	
Benefits	17,868	962	16,549	17,511	17,868	0.73%
Subtotal A	105,859	9,458	95,625	105,083	105,859	
B OPERATING						
Insurance	548		695	695	548	
Professional Fees	1,872	643		643	1,872	
Audit	1,513	2,765		2,765	1,513	
Data Processing Fees	565	565		565	565	
Postage, Office, and Program Sup	5,756		7,671	7,671	5,756	
Equipment/Furnishings				0	0	
Depreciation				0	0	
Telephone	2,785		1,818	1,818	2,785	
Training/Conference				0	0	
Food/Household Supplies				0	0	
Auto Allowance				0	0	
Vehicle Costs	3,000		2,680	2,680	3,000	
Other1:Employee Recruitment	675	675		675	675	
Other2:Permits/Fees	176	154		154	176	
Subtotal B	16,890	4,802	12,864	17,666	16,890	-4.59%
C SPACE						
Rent				0	0	
Utilities				0	0	
Maintenance				0	0	
Mortgage Interest, Depreciation,				0	0	
Property Taxes				0	0	
Subtotal C	0	0	0	0	0	0.00%
D SPECIAL COSTS						
Assistance to Individuals	4,000		4,000	4,000	4,000	
Subtotal D	4,000	0	4,000	4,000	4,000	0.00%
E OTHER						
Other3:				0		
Other4:				0		
Subtotal E	0	0	0	0	0	0.00%
This section for Adult - DD only.						
F. OFF-SETTING REVENUE						
Show as negative numbers:						
Government Benefits (SSI, SSDI, etc)				0		
Private Pay (Trust Funds, etc)				0		
Cost Share				0		
Other				0		
Subtotal F	0	0	0	0	0	0.00%
TOTAL A THROUGH F	126,749	14,260	112,489	126,749	126,749	0.00%

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

DANE COUNTY DEPARTMENT OF HUMAN SERVICES

PROVIDER AGENCY EXPENSE REPORT THROUGH:

December-17

Provider Name:		Contract #:		*Provider Certified By:		1/24/2018	
Common Wealth Development, Inc.		Program Group #:				Date	
Program Name:		Transitional Employment		83755		11814	
	1 Approved County-Funded Budget	2 YTD County-Funded Admin Expense	3 YTD County-Funded Program Expense	4 YTD County-Funded Expense Total (= Col. 2 + 3)	5 YTD County-Funded Budget	6 YTD % Variance from Budget	
A. PERSONNEL							
Salaries	16,042	540	15,502	16,042	16,042		
Taxes	1,364	46	1,318	1,364	1,364		
Benefits	138	7	131	138	138		
Subtotal A	17,544	593	16,951	17,544	17,544	0.00%	
B. OPERATING							
Insurance				0	0		
Professional Fees				0	0		
Audit				0	0		
Data Processing Fees				0	0		
Postage, Office, and Program Supplies				0	0		
Equipment/Furnishings				0	0		
Depreciation				0	0		
Telephone				0	0		
Training/Conference				0	0		
Food/Household Supplies				0	0		
Auto Allowance				0	0		
Vehicle Costs				0	0		
Other1:Employee Recruitment				0	0		
Other2:Permits/Fees				0	0		
Subtotal B	0	0	0	0	0	#DIV/0!	
C. SPACE							
Rent				0	0		
Utilities				0	0		
Maintenance				0	0		
Mortgage Interest, Depreciation,				0	0		
Property Taxes				0	0		
Subtotal C	0	0	0	0	0	#DIV/0!	
D. SPECIAL COSTS							
Assistance to Individuals				0	0		
Subtotal D	0	0	0	0	0	#DIV/0!	
E. OTHER							
Other3:							
Other4:							
Subtotal E	0	0	0	0	0	0.00%	
This section for Adult - DD only.							
F. OFF-SETTING REVENUE							
Show as negative numbers.							
Government Benefits (SSI, SSDI, etc.)							
Private Pay (Trust Funds, etc.)							
Cost Share							
Other							
Subtotal F	0	0	0	0	0	0.00%	
TOTAL A THROUGH F	17,544	593	16,951	17,544	17,544	0.00%	

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

COMMON WEALTH DEVELOPMENT, INC.
SCHEDULE OF CDBG OFFICE FUNDS EXPENDED BY PROGRAM
Year ended December 31, 2017

Description	2102 Leland Avenue
CDBG Office funds	
Grants - Relocation Allowance	\$ 8,100
CDBG Office funds expended	
Personnel expenses	2,812
Relocation allowance	5,288
	<u>8,100</u>
CDBG Office funds expended	<u>8,100</u>
Excess (deficit)	<u>\$ -</u>

COMMON WEALTH DEVELOPMENT, INC.
SCHEDULE OF REAL PROPERTY AND RELATED DEBT
December 31, 2017

Property / Description	Cost	CDBG Deferred Loans	Other Debt
Construction completed and transferred to Yahara River Apartments, LP			
Yahara River Apartments - 1459 E Main	\$ -	\$ 427,295	\$ 104,000
Land, land improvements, and buildings			
Housing Options Properties - 1108, 1110, & 1114 Williamson	\$ 461,084	\$ 355,320	\$ 76,056
1343 Williamson	162,338	76,264	-
1406 Williamson	320,761	95,000	-
1120 Williamson	220,361	60,395	-
405 Rogers	217,522	57,434	-
Divall Properties - 1306/08 Jenifer, 1344 Spaight, and 1410 & 1420 Williamson	1,007,564	293,313	393,309
Falconer Properties - 1001 & 1007 Williamson	548,187	44,500	178,063
Main Street Industries - 927-931 E Main	2,527,306	726,600	630,888
Jenifer Place	1,792,255	547,434	1,095,988
5726 Balsam Road	783,886	373,175	341,354
5817 Balsam Road	348,765	183,600	171,755
Leland Avenue	713,083	401,094	262,292
5801 Raymond	316,017	183,600	161,925
5802 Balsam	327,914	183,600	158,799
2102 Leland Avenue	668,676	367,200	318,715
	<u>\$ 10,415,719</u>	<u>\$ 4,375,824</u>	<u>\$ 3,893,144</u>

Common Wealth Development, Inc. has sold various lease-purchase properties. Notes receivable were issued in conjunction with the properties sold. Notes receivable have been assigned by Common Wealth Development, Inc. to CDBG as detailed in the schedule of CDBG assigned notes receivable.

COMMON WEALTH DEVELOPMENT, INC.
SCHEDULE OF OTHER DEBT
December 31, 2017

Property / Description	Interest Rate	Maturity	Balance
Yahara River Apartments - 1459 E Main AHP note payable / non-recourse mortgage	0.000%	Aug 2019	\$ 104,000
Housing Options Properties - 1108, 1110, and 1114 Williamson Mortgage Payable	4.000%	May 2027	76,056
Main Street Industries - 927-931 E Main Mortgage payable	4.625%	Oct 2019	630,888
Divall Properties - 1308 Jenifer, 1344 Spaight, and 1410 & 1420 Williamson WHEDA Mortgage payable	7.000%	Nov 2028	269,809
WHEDA Mortgage payable	0.000%	May 2032	123,500
Jenifer Place Mortgage payable	4.800%	Dec 2021	301,518
Note payable	5.170%	Dec 2018	722,470
AHP note payable / non-recourse mortgage	0.000%	Upon sale	72,000
Falconer Properties - 1001-1011 Williamson WHEDA Mortgage payable	7.000%	Oct 2028	121,563
WHEDA Mortgage payable	0.000%	May 2032	56,500
LeLand Avenue - 2005 and 2009 Leland Avenue	5.070%	Aug 2018	262,292
5726 Balsam Road - Note payable	5.000%	Sept 2019	341,354
5817 Balsam Road - Note payable	4.910%	Dec 2018	171,755
5802 Balsam Mortgage payable	5.190%	Oct 2020	158,799
5801 Raymond Mortgage payable	4.500%	Dec 2020	161,925
2102 Leland Mortgage payable	4.250%	Dec 2021	318,715
			<u>\$ 3,893,144</u>

COMMON WEALTH DEVELOPMENT, INC.
SCHEDULE OF CDBG ASSIGNED NOTES RECEIVABLE
December 31, 2017

Common Wealth Development, Inc. has sold various lease-purchase properties. Notes receivable were issued in conjunction with the properties sold. The following notes receivable have been assigned by Common Wealth Development, Inc. to CDBG.

<u>Lease-Purchase Property Sold</u>	<u>Year Sold</u>	<u>Assigned to CDBG</u>
1434 Williamson Street	2000	\$ 37,500
303 S Dickinson Street	2000	20,353
1131-33 Jenifer Street	2002	37,500
732 Jenifer Street	2002	31,875
1430 Williamson Street	2002	23,853
309 S Dickinson	2002	27,603
305 S Dickinson	2003	30,867
609 S Baldwin	2004	47,094
802 Williamson Street #1	2006	36,550
802 Williamson Street #2	2006	36,550
808 Williamson Street #209	2006	36,550
Central Park Apartments	2008	1,023,756
1337 Williamson Street	2009	59,475
1047 E Wilson Street	2009	42,500
1045 E Wilson Street	2010	42,500
1507 Williamson Street	2011	43,279
414 S Dickinson Street	2012	25,730
		<u>\$ 1,603,535</u>



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

To the Board of Directors
Common Wealth Development, Inc.
Madison, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Common Wealth Development, Inc., which comprise the consolidated statement of financial position as of December 31, 2017, and the related consolidated 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 April 16, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Janesville Office:

101 E. Milwaukee Street
Suite 425
Janesville, WI 53545
P: (608) 756-4020

Baraboo Office:

123 Second Street
P.O. Box 150
Baraboo, WI 53913
P: (608) 356-3966
F: (608) 356-2966

Milwaukee Office:

W229 N1433 Westwood Drive
Suite 105
Waukesha, WI 53186
P: (262) 522-7555
F: (262) 522-7550

Madison Office:

2110 Luann Lane
Madison, WI 53713
P: (608) 274-4020
F: (608) 274-0775

www.wegnercpas.com
info@wegnercpas.com
(888) 204-7665

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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wegner CPAs LLP

Wegner CPAs, LLP
Madison, Wisconsin
April 16, 2018



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR MAJOR FEDERAL PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND
THE STATE SINGLE AUDIT GUIDELINES

To the Board of Directors
Common Wealth Development, Inc.
Madison, Wisconsin

Report on Compliance for Major Federal Program

We have audited Common Wealth Development, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *State Single Audit Guidelines* (the *Guidelines*) that could have a direct and material effect on Common Wealth Development, Inc.'s major federal program for the year ended December 31, 2017. Common Wealth Development, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Common Wealth Development, Inc.'s major federal program 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 of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the *Guidelines*. Those standards, the Uniform Guidance, and the *Guidelines* 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 major state program occurred. An audit includes examining, on a test basis, evidence about Common Wealth Development, 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 program. However, our audit does not provide a legal determination of Common Wealth Development, Inc.'s compliance.

Opinion on Major Federal Program

In our opinion, Common Wealth Development, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2017.

Report on Internal Control over Compliance

Management of Common Wealth Development, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above.

Janesville Office:

101 E. Milwaukee Street
Suite 425
Janesville, WI 53545
P: (608) 756-4020

Baraboo Office:

123 Second Street
P.O. Box 150
Baraboo, WI 53913
P: (608) 356-3966
F: (608) 356-2966

Milwaukee Office:

W229 N1433 Westwood Drive
Suite 105
Waukesha, WI 53186
P: (262) 522-7555
F: (262) 522-7550

Madison Office:

2110 Luann Lane
Madison, WI 53713
P: (608) 274-4020
F: (608) 274-0775

www.wegnercpas.com
info@wegnercpas.com
(888) 204-7665

In planning and performing our audit of compliance, we considered Common Wealth Development, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *Guidelines*, 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 Common Wealth Development, 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 the Uniform Guidance and the *Guidelines*. Accordingly, this report is not suitable for any other purpose.

Wegner CPAs LLP

Wegner CPAs, LLP
Madison, Wisconsin
April 16, 2018

COMMON WEALTH DEVELOPMENT, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended December 31, 2017

Section I—Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
14.239	Home Investment Partnerships Program

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes

Section II—Financial Statement Findings

No matters were reported

Section III—Federal and State Award Findings and Questioned Costs

No matters were reported

COMMON WEALTH DEVELOPMENT, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended December 31, 2017

Section III—Federal and State Award Findings and Questioned Costs

No matters were reported

Section IV—Other Issues

Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern?

No

Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weakness, significant deficiency, 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* :

Department of Health Services

No

Was a management letter or other document conveying audit comments issued as a result of this audit?

No

Name and signature of partner



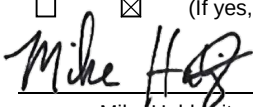
Mike Hablewitz, CPA

Date of report

April 16, 2018

COMMON WEALTH DEVELOPMENT, INC.
City of Madison Community Development Division
Schedule of Findings and Questioned Costs
For Year Ended December 31, 2017

Summary of Auditor's Results

	Yes	No	
1. Was a Single Audit required?	☒	☐	
What dollar threshold was used to distinguish between Type A and Type B programs as defined by the Single Audit? (If applicable.)	\$750,000		
2. Type of auditor's report issued?	Unmodified		
3. Internal control over financial reporting:			
a. Were material weakness(s) identified?	☐	☒	(If yes, describe.)
b. Were significant deficiency(ies) identified not considered to be material weaknesses?	☐	☒	(If yes, describe.)
c. Was noncompliance material to the financial statements noted?	☐	☒	(If yes, describe.)
4. Internal control over major programs:			
a. Were material weakness(s) identified?	☐	☒	(If yes, describe.)
b. Were significant deficiency(ies) identified not considered to be material weaknesses?	☐	☒	(If yes, describe.)
5. Was the indirect cost allocation plan reasonable and acceptable per OMB-A122 or the Uniform Guidance?	☒	☐	(If no, describe.)
6. Were the actual costs reasonable and allocated appropriately per OMB-A122 or the Uniform Guidance?	☒	☐	(If no, describe.)
7. Were the costs allocated to the CD Office contracts based on costs incurred, and are they supported by records and documents?	☒	☐	(If no, describe.)
8. Were any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? (If Single Audit conducted, include CFDA No. and amount.)	☐	☒	
9. Does the audit include an identification of all federal revenue sources and dollar amounts by program? (Include State of WI pass-through funds.)	☒	☐	(If no, describe.)
10. Does the audit list any financial statement findings?	☐	☒	
11. Does the audit list any federal and state award findings and questioned costs?	☐	☒	
12. Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern?	☐	☒	(If yes, describe.)
13. Does the audit report identify any additional audit issues related to the Agency's CD Division grants/contracts?	☐	☒	(If yes, describe.)
14. Does the audit include the schedule of revenues and expenditures by program and revenue source?	☒	☐	(If no, describe why not.)
15. Does the audit include the schedule of CD Division funds expended by program?	☒	☐	(If no, describe why not.)
16. Does the audit include the schedule of real property assets and the debt recorded against each property?	☒	☐	(If no, describe why not.)
17. Was a Management Letter or other document conveying audit comments issued as a result of this audit?	☐	☒	(If yes, a copy.)
Signature of Partner in Charge	 		
Name of Partner in Charge	Mike Hablewitz, CPA		
Audit firm	Wegner CPAs, LLP		
Report date	April 16, 2018		

CHDO Cert Application

C. Staff and Capacity

Common Wealth Development has a successful 38-year track record of neighborhood revitalization and has completed many innovative programs and initiatives that have improved our community through development of commercial space and quality, affordable, and accessible housing.

Staff

Housing Staff's long term tenure at Common Wealth shows their effectiveness and commitment to providing affordable housing opportunities.

Paul Jasenski, Housing Development Manager, Common Wealth Development. Paul has worked at Common Wealth for 33 years on acquisition, rehabilitation, construction management, financing, and management of Common Wealth's housing projects. Paul has developed numerous local affordable housing projects including the highly successful Falconer Cooperative, Yahara River View Apartments and Jenifer Place.

Ashley Gohlke, Housing Manager, Common Wealth Development. Ashley has over 9 years of housing management experience including affirmative marketing, outreach, tenant relations and HOME/WHEDA Tax Credit compliance. Ashley is in charge of compliance for all 146 units of Common Wealth housing with LIHTCs, the Affordable Home Program through the Federal Home Loan Bank of Chicago, and Property Tax Exemption guidelines. She has extensive knowledge of managing properties within the guidelines of multiple compliance layering. Common Wealth is regularly audited, has never had a reportable finding, has an excellent reputation and is highly regarded by our funding agencies.

Stefan Davidson, Finance Director, Common Wealth Development. Stefan has 18 years of experience in accounting and finance, working in public accounting as both an auditor and tax preparer and since 2010 in the financial management of not-for-profit housing organizations. As the Controller for Compass Housing Alliance (CHA) in Seattle, Washington Stefan was responsible for the financial reporting and compliance of a portfolio of six housing projects. The projects were financed through a combination of federal and local grants and tax credit equity investments. Stefan was responsible for the financial management and reporting of two of the projects during their construction and lease-up phases. CHA also provided supportive services to all of the residents, along with day services to community residents that wanted them. These functions were all financed in part through federal and local grants and required fiscal compliance and periodic reporting and monitoring to maintain the funds. Stefan started as the Finance Director at Common Wealth Development in January of 2016, and has been responsible for the financial management of the organization, which includes funding from local and federal pass-through grants and the Yahara River View Apartments Partnership.

Justice Castañeda, Executive Director, Common Wealth Development. Justice has almost two decades of strategic planning and project implementation experience that he brings to this project. He also brings extensive experience working with comprehensive community

development projects, integrating housing initiatives, economic development, mental health and wellness and educational opportunities for long-term community-level health improvement. An 8-year Marine veteran, Justice serves as a subject-matter-expert in both veterans' transition and housing, and comprehensive community development in extremely low-income areas. Justice has consulted for numerous foundations and governments and currently serves as the subject matter-expert on veterans' transition and veterans' housing for the Prevention Institute's *Making Connections for Mental Wellbeing* initiative. Mr. Castañeda is also uniquely versed in the challenges facing Madison in terms of housing, economic and educational disparities experienced by our populations of color. Justice brings this knowledge to Common Wealth Development, and approaches this project not solely as a housing project, but as an opportunity to support lasting community and economic development in Madison and Dane County. As the Executive Director of Common Wealth Development, Justice is committed to leveraging all of Common Wealth's assets and experience to support the tenants of the proposed site.

Current Board Members - Common Wealth Development

Name	Home Address	Most Recent Appointment	Public Official?
Tyrone Cratic Williams	4 Sherman Terrace #4, Madison, WI 53704	2018	Y
Susan Day	16 Grand Canyon Dr. Madison, WI 53705	2017	N
Leslie Freehill	2109 Center Ave. #2, Madison, WI 53704	2018	N
Connie Kilmark	1802 Winnebago St. Madison, WI 53704	2018	N
Rudy Moore	713 Orton Court, Madison, WI 53703	2018	N
Autumn Neugent	31 Cordelia Cres, Madison, WI 53704	2017	N
Robert Paolino	825 Troy Dr. Madison, WI 53704	2018	Y
Connor Sabatino	1112 Spaight St. Madison, WI 53703	2018	N
Marquis Sanders	1141 Stonewood Crossing, Sun Prairie, WI 53590	2018	N
Shaya Schreiber	4261 Beverly Rd. Madison, WI 53711	2018	Y
Daniel Steinbring	2720 McDivitt Rd. Madison, WI 53713	2018	N
Rebekah Stephens	810 Fairmont Ave. Madison, WI 53714	2017	N
Bridgit Van Bellegham	201 N. Blair St. #107, Madison, WI 53703	2018	N
Beth Welch	552 Troy Dr. Madison, WI 53704	2018	N
Amy Wick	1901 Browning Rd. Madison, WI 53704	2018	Y

**Low Income
Representative?**

N
N
N
Y
Y
Y
Y
N
Y
N
Y
Y
N
Y
N

City of Madison
HOME Investment Partnerships Program
Initial Certification and Recertification Application
Community Housing Development Organization (CHDO)

APPLICANT INFORMATION:

Common Wealth Development

Name of Organization

1501 Williamson Street

Address

Madison

Wisconsin

53703

City

State

Zip Code

Justice Castañeda

Executive Director

Contact Person

Position with Organization

(608) 256 - 3527

justice@cwd.org

Telephone Number

Email Address

(608) 256 - 4499

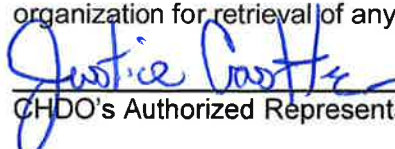
39-1323500

Fax Number

Federal Tax I.D. Number

Date of most recent CHDO Certification/Recertification: 2016

I hereby certify that all statements provided in this application and in the attachments herein are true; that I am authorized to sign this application, and to make these statements, on behalf of the applicant organization; and that the organization understands that misrepresentation of any facts which lead to the improper allocation and expenditure of public funds may result in legal action against the organization for retrieval of any such funds and appropriate penalties.


CHDO's Authorized Representative

By entering your initials in this box initials you are electronically signing your name as the submitter of the application and agree to the terms listed above.

Date: 9/14/2018

I. ORGANIZATIONAL STRUCTURE

Recertifying Organizations: Please check box if there has been no amendments or changes in documents since last certification. If amendments have occurred, attach a copy highlighting any such amendments.

- A. **ORGANIZATION:** Organization must be organized under state and local laws and must provide evidence of legal status. Please provide:
- Charter, or
 - Articles of Incorporation

☒ No changes or amendments since last certification

- B. **PURPOSE OF ORGANIZATION:** An organization must have among its purposes the provision of decent housing that is affordable to low and moderate-income persons. Please provide the following:

- By-laws of the organization,
- Articles of Incorporation,
- Charter, or
- Resolution.

☐ No changes or amendments since last certification

- C. **TAX EXEMPT RULING:** Provide evidence that it has a tax-exempt ruling from the Internal Revenue Service (IRS), under section 501 (c) of the Internal Revenue Code of 1986.

- A 501 (c) (3) Certificate Letter from the IRS
- A 501 (c) (4) Certificate Letter from the IRS

☒ No changes or amendments since last certification

- D. **SERVICE AREA:** To receive certification an organization must have a clearly defined geographic service area. The service area can be an area larger than a single neighborhood but must be within the City of Madison's Participating Jurisdiction. Please provide the following:

- Neighborhood Name(s), Census Tract(s), Zip Code(s), and Boundary Streets
- Include a Map
- If the organization wishes to work city-wide, please indicate it and provide information as to existing or anticipated projects with addresses, neighborhoods, census tract, and zip codes.

☒ No changes or amendments since last certification

- E. **EXPERIENCE:** The organization must be able to demonstrate that it has least one year of experience directly related to the development of housing. Newly created organizations that do not have this experience may meet the requirement if they have a nonprofit parent or sponsor organization that can demonstrate at least one year of experience in the development of housing. Please provide one of the following:

- A narrative statement, signed by the Executive Director or Board President, documenting that the organization has at least one year of experience directly related to the development of housing prior to seeking CHDO certification;
- A statement signed by the Executive Director or Board President that documents that its parent or sponsoring organization has at least one year of experience related to the development of housing; or
- A signed agreement or letter of understanding between your organization and the nonprofit parent or sponsor organization that documents the relationship between the two organizations.

☒ No changes since last certification, continue to have demonstrated capacity

F. **RELIGIOUS ORGANIZATION SPONSORSHIP:** Is your nonprofit organization sponsored or created by a religious organization?

☐ Yes
☒ No

If the answer above is "Yes," please note that a religious organization cannot qualify as a CHDO, but a religious organization may sponsor the creation of a wholly secular nonprofit. Housing units developed by the CHDO organization must be made available to all persons, regardless of religious affiliation or belief.

G. **FOR-PROFIT ORGANIZATION SPONSORSHIP:** Is your nonprofit organization sponsored or created by a for-profit entity?

☐ Yes
☒ No

If the answer above is "Yes," a for-profit entity cannot qualify as a CHDO, but a for-profit entity may sponsor the creation of a nonprofit. However, the for-profit entity may not be an entity whose primary purpose is the development or management of housing, such as a builder, contractor, developer, or real estate management firm. The for-profit entity may not appoint more than one-third of the membership of the organization's governing body. Board members appointed by the for-profit entity may not appoint the remaining two-thirds of the Board members and the CHDO organization must be free to contract for goods and services from vendors of its own choosing. In addition, the CHDO may not operate out of offices owned and/or used by the for-profit entity.

II. REQUIRED ELEMENTS FOR CERTIFICATION AND RECERTIFICATION

A. **LOW-INCOME INPUT:** To be certified a CHDO, an organization must have a specific formal (written) process for low-income program beneficiaries to advise the organization in its decisions regarding the design, location of sites, development and management of affordable housing projects. Specifically, the organization must have a detailed written plan for ensuring that input from low-income program residents of the service area will be solicited and integrated into the decision-making and project development processes of the organization. **Please provide a**

copy of the written procedure for gathering low-income input, and some examples of past outreach efforts.

- B. FINANCIAL ACCOUNTABILITY:** The organization must have financial accountability standards that conform to 24 CFR 84.21, "Standards for Financial Management Systems". These standards are a variation on OMB Circular A-133 but are an updated version to that circular. The organization must certify that its financial management systems comply with this specific standard. Please provide the following information:

- The most recent certified financial statements that have been audited or prepared by an accountant
- Notarized statement by the president or chief financial officer of the organization, or a certification from a certified Public Accountant.

If your organization does not have audited financial statements because it has been operating for less than one year, you must submit the audited financial statements of the parent or sponsor organization.

A non-profit organization cannot be certified as a CHDO if the organization's most recent financial statements and/or audit reflect an outstanding finding, material weakness or other unresolved matter that would affect the capacity of that organization to successfully develop a CHDO project.

- C. STAFF AND CAPACITY:** The organization must have experienced paid staff responsible for the day-to-day operations. The organization must demonstrate the capacity of its key staff to carry out the activities it is planning to undertake. Please provide the following information:

- Descriptions of key paid staff members who have successfully completed a project(s) similar to those to be assisted with HOME funds. (Include project descriptions of relevant completed projects, the staff member's experience that will demonstrate their capacity in housing development and the staff member's percentage of time worked for the organization.)

- D. BOARD COMPOSITION:** At least one-third of the organization's Board of Directors must consist of low-income representatives that reside in the applicant's service area and no more than one-third of the Board can be from the public sector. When calculating the one-third requirements, we consider the total number of Board Members regardless of their permanent residence. Board members cannot receive salary for their service as board member.

1. An applicant organization must ensure that at least one-third of its governing board consists of representatives of low-income communities within its service area. There are three ways to meet this requirement: (1) individuals can be residents of a low-income neighborhood in the organization's service area but they do not necessarily have to earn a low income themselves, (2) they can be low-income residents of the community; that is, their household income is 80% or less than the Area Median Family Income for the service area as published by the U. S. Department of Housing and Urban Development, or (3) they may be elected representatives of low-income neighborhood organizations.
2. No more than one-third of the organization's Board of Directors may be from the public sector. Representatives of the public sector include: (1) *elected officials*, such as council members, (2) *appointed public officials*, such as planning or zoning commission, regulatory or advisory boards, (3) *public employees*, which include employees of public agencies or

departments of the City such as fire and police, and (4) any individual who is not necessarily a public official, but has been *appointed by a public official* to serve on the organization's Board of Directors.

To verify that your current Board meets both the low-income requirement and the limits on public sector representation above, **please list all current Board Members and accompanying information requested below.**

Submit dated certifications signed by each board member verifying his or her public official and low income status. Certifications should be current as of the board member's most recent Board appointment. A sample certification is attached to this application.

Current Board Members

[illegible]

(attach additional sheets if necessary)

* Please note that the definition of “public official” and “low income representative” have very specific definitions under the CHDO HOME program. Please see sample certification attached for definitions.

**Board Member Combined Certification for
Community Housing Development Organization Status**

Public Official Certification

For the purposes of 24 CFR Part 92 (HOME Investment Partnerships Program) a "public official" is defined as any person serving in any of the following capacities:

- ☐ An elected official – council member, alderman, commissioner, state legislator, school board representative, etc.
- ☐ An appointed public official – members of a planning or zoning commission, or any other regulatory and/or advisory commission appointed by the local government or the State of Wisconsin
- ☐ Employees of the City of Madison, Dane County or the State of Wisconsin.
- ☐ A person appointed by a public official to serve on the board – any individual who is not necessarily a public official but who has been appointed by a public official (as described above).

_____ By signing and dating this statement, I hereby certify that I DO serve in one of the "public official" capacities stated above (you must check at least one line above).

_____ By signing and dating this statement, I hereby certify that I DO NOT serve in any of the "public official" capacities stated above.

Low Income Representation Certification

For the purposes of 24 CFR Part 92 (HOME Investment Partnerships Program) a person who does not serve as a "public official" in any elected or appointed capacity, and who meets any of the following characteristics is recognized as representing the low-income community:

- ☐ Lives in a low income area (where 51% or more of the households in my US Census tract have incomes at or below 80% of the median household income, as defined by HUD).
- ☐ Is an elected member of a low income area's neighborhood organization. This organization is called: _____
- ☐ Has a household income at or below the 80% of the median household income for the area in which he or she lives, according to HUD.

_____ By signing and dating this statement, I hereby certify that I DO meet the low income representation characteristic checked above (you must check at least one line above).

_____ By signing and dating this statement, I hereby certify that I DO NOT represent the low income community in any of the ways stated above.

Signature

Date

Printed Name



LATE

**Federal Funds (HOME, CDBG, EECBG) Development 2018-2019
Application-Supplemental Answers Questions 1 & 2**

1. Describe the primary community need(s) the proposed project seeks to address and the expected outcomes. (Please limit response to 500 words including spaces).

Affordable Housing: Provide decent, safe, sanitary and affordable housing opportunities for low- and moderate-income households in order to enhance household, neighborhood, and community stability.

Expected outcomes: Increase housing stability via improved and expanded housing supply for renters, with increased access to support services and reduced turnover.

2. Please provide an overview of the project, how it meets the criteria outlined in the Request for Proposals and the risks associated with the project. (Please limit response to 500 words including spaces).

Common Wealth Development is pursuing a residential project to support the vitality of Madison neighborhoods. This project is directly in support of healthy neighborhood development, centered in an established organizational framework of racial justice and health equity, and Common Wealth is committed to leveraging all available resources and networks to supporting the tenants who will eventually reside in the housing units.

The project would support family stability for low- and moderate-income families, through a comprehensive coordination of care model. This project

will deliberately support ongoing neighborhood stabilization and violence prevention efforts on Madison's Southwest side, and will be designed to work synergistically with other projects and programs funded through the City of Madison that are also supporting overall community level health improvement and violence prevention.

As with all of our housing projects, particularly new development, Common Wealth Development makes every attempt to ensure that there are barrier-free and accessible units, and units that are available to tenants who may otherwise have physical challenges accessing stable, healthy affordable housing. As part of our mission,

Common Wealth is committed to working to stabilize families, and we utilize a very flexible approach to housing management, in order to minimize turnover and any possibility of eviction and / or types of involuntary displacement.

Concurrent with our mission, Common Wealth is committed to creating healthy housing for our tenants, in that we take all available precautions to mitigate any known environmental risks. Our staff are certified in asbestos and lead abatement practices, and we have a strong history of ethical, responsible maintenance and housing management practices, often exceeding industry best-practice standards. The aforementioned coordination of care model connects our tenants to all available resources and / or programs, so that we are able to support vulnerable populations, and actively seek out ways to recruit tenants who may face barriers to housing.

Common Wealth Development is led by a US Marine veteran who is also a person of color, and our organization is a strong supporter of the City's efforts to support minority, women and disadvantaged business enterprises, and will proactively seek out these contractors and service providers to support this project. Additionally, Common Wealth Development has a standing policy to utilize Operation Fresh Start whenever possible during a construction and/or rehabilitation project. We actively seek out contractors and service providers that are run and / or owned by women and people of color.