

**ROAD HOME DANE COUNTY, INC.  
AND SUBSIDIARY**  
Madison, Wisconsin

**Audited Consolidated Financial Statements**

Years Ended December 31, 2022 and 2021

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Road Home Dane County, Inc. and Subsidiary  
Madison, Wisconsin

### Opinion

We have audited the accompanying consolidated financial statements of Road Home Dane County, Inc. (a nonprofit organization) and its subsidiary ("The Road Home"), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Road Home as of December 31, 2022 and 2021 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.

### Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of The Road Home and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management for the Consolidated Financial Statements

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

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

### Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

Kelly, Penner & Benton LLP

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## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (Continued)**

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements of The Road Home as a whole. The accompanying schedule of expenditures of federal and other awards, consolidated schedule of revenue and expenses by funding source, Dane County Department of Human Services Provider Agency reports, schedule of real property and related debt, and City of Madison Community Development Division schedule of findings and questioned costs are presented for the purposes of additional analysis as required by the Dane County Department of Human Services and City of Madison Community Development Division and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. 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 20, 2023 on our consideration of The Road Home'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 The Road Home'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 The Road Home's internal control over financial reporting and compliance.

April 20, 2023  
Milwaukee, Wisconsin

**THE ROAD HOME DANE COUNTY, INC. AND SUBSIDIARY**  
Madison, Wisconsin

**Consolidated Statements of Financial Position**  
December 31, 2022 and 2021

<b>Assets</b>	<b>2022</b>	<b>2021</b>
<b>Assets:</b>		
Cash	\$ 1,280,824	\$ 1,398,332
Investments	3,040,253	3,257,796
Government grants receivable, net	207,144	28,018
Rent and miscellaneous receivables, net	21,794	14,744
Unconditional promises to give, net	1,281,186	996,580
Prepaid expense	72,770	58,963
Security deposit	5,395	5,796
Replacement reserve	52,504	42,804
Property and equipment, net	1,108,984	1,152,096
Property and equipment held for leasing, net	1,987,567	2,048,389
	<u>9,058,421</u>	<u>9,003,518</u>
<b>Total assets</b>	<b>\$ 9,058,421</b>	<b>\$ 9,003,518</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ 76,844	\$ 24,572
Funds held for others	28,828	-
Deferred revenue	3,462	-
Accrued payroll, taxes, and vacation	105,439	110,888
Security deposits held	10,544	10,949
Notes payable	929,844	940,293
	<u>1,154,961</u>	<u>1,086,702</u>
<b>Total liabilities</b>	<b>1,154,961</b>	<b>1,086,702</b>
<b>Net Assets:</b>		
<b>Without donor restrictions:</b>		
Operating	3,589,264	3,662,196
Board designated for board sustainability fund	2,892,827	3,110,589
<b>Total without donor restrictions</b>	<u>6,482,091</u>	<u>6,772,785</u>
<b>With donor restrictions</b>	1,421,369	1,144,031
<b>Total net assets</b>	<u>7,903,460</u>	<u>7,916,816</u>
<b>Total liabilities and net assets</b>	<u>\$ 9,058,421</u>	<u>\$ 9,003,518</u>

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

**THE ROAD HOME DANE COUNTY, INC. AND SUBSIDIARY**  
Madison, Wisconsin

**Consolidated Statements of Activities**  
Years Ended December 31, 2022 and 2021

	2022			2021		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
<b>Revenues:</b>						
<b>Nonexchange transactions:</b>						
Contributions	\$ 1,208,037	\$ 1,134,433	\$ 2,342,470	\$ 1,235,779	\$ 597,226	\$ 1,833,005
Government grants	620,360	-	620,360	373,696	-	373,696
Other grants	123,368	-	123,368	599,518	-	599,518
Contributed nonfinancial assets	50,355	-	50,355	49,441	-	49,441
<b>Total nonexchange transactions</b>	<u>2,002,120</u>	<u>1,134,433</u>	<u>3,136,553</u>	<u>2,258,434</u>	<u>597,226</u>	<u>2,855,660</u>
<b>Investment activity:</b>						
Interest and dividends	56,280	-	56,280	56,099	-	56,099
Realized gain on investments	41,014	-	41,014	84,481	-	84,481
Unrealized gain (loss) on investments	(291,444)	-	(291,444)	218,457	-	218,457
Investment management fees	(19,891)	-	(19,891)	(20,181)	-	(20,181)
<b>Net investment activity</b>	<u>(214,041)</u>	<u>-</u>	<u>(214,041)</u>	<u>338,856</u>	<u>-</u>	<u>338,856</u>
Lease income	98,146	-	98,146	106,181	-	106,181
Miscellaneous	2,010	-	2,010	4,368	-	4,368
Satisfaction of restrictions	857,095	(857,095)	-	627,366	(627,366)	-
<b>Total revenues</b>	<u>2,745,330</u>	<u>277,338</u>	<u>3,022,668</u>	<u>3,335,205</u>	<u>(30,140)</u>	<u>3,305,065</u>
<b>Expenses:</b>						
<b>Program services:</b>						
Healing House	24,733	-	24,733	26,604	-	26,604
ACE	15,044	-	15,044	-	-	-
Housing Stabilization	59,249	-	59,249	42,019	-	42,019
House-Ability	53,507	-	53,507	101,401	-	101,401
Foundations	246,635	-	246,635	105,572	-	105,572
Rapid Rehousing	177,587	-	177,587	167,973	-	167,973
Moving Up	17,088	-	17,088	44,178	-	44,178
Housing and Hope	485,950	-	485,950	545,072	-	545,072
RISE	79,813	-	79,813	89,499	-	89,499
Fair Oaks	58,696	-	58,696	71,874	-	71,874
The Breese Apartments	59,184	-	59,184	66,135	-	66,135
Vouchers	440,221	-	440,221	274,999	-	274,999
The Heart Room	145,715	-	145,715	68,120	-	68,120
Building Futures	372,668	-	372,668	172,317	-	172,317
Tailor Place	68,312	-	68,312	71,727	-	71,727
<b>Total program services</b>	<u>2,304,402</u>	<u>-</u>	<u>2,304,402</u>	<u>1,847,490</u>	<u>-</u>	<u>1,847,490</u>
<b>Supporting activities:</b>						
Management and general	391,607	-	391,607	428,066	-	428,066
Fundraising	340,015	-	340,015	427,273	-	427,273
<b>Total supporting activities</b>	<u>731,622</u>	<u>-</u>	<u>731,622</u>	<u>855,339</u>	<u>-</u>	<u>855,339</u>
<b>Total expenses</b>	<u>3,036,024</u>	<u>-</u>	<u>3,036,024</u>	<u>2,702,829</u>	<u>-</u>	<u>2,702,829</u>
<b>Change in net assets</b>	(290,694)	277,338	(13,356)	632,376	(30,140)	602,236
<b>Net assets at beginning of year</b>	<u>6,772,785</u>	<u>1,144,031</u>	<u>7,916,816</u>	<u>6,140,409</u>	<u>1,174,171</u>	<u>7,314,580</u>
<b>Net assets at end of year</b>	<u>\$ 6,482,091</u>	<u>\$ 1,421,369</u>	<u>\$ 7,903,460</u>	<u>\$ 6,772,785</u>	<u>\$ 1,144,031</u>	<u>\$ 7,916,816</u>

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

**THE ROAD HOME DANE COUNTY, INC. AND SUBSIDIARY**  
Madison, Wisconsin

**Consolidated Statement of Functional Expenses**  
Year Ended December 31, 2022

	Program Services										Subtotal
	Healing House	ACE	Housing Stabilization	House-Ability	Foundations	Rapid Rehousing	Moving Up	Building Futures	Tailor Place	Housing and Hope	
Wages, taxes and benefits	\$ 23,675	\$ 14,117	\$ 56,067	\$ 34,728	\$ 56,185	\$ 160,326	\$ 17,004	\$ 92,606	\$ 65,746	\$ 146,430	\$ 666,884
Occupancy	-	469	1,797	-	-	-	-	3,045	1,056	151,725	158,092
Interest and bank fees	-	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	10,308	10,308
Travel and meetings	-	78	279	267	187	1,862	33	762	147	950	4,565
Telephone	113	69	262	380	426	759	-	445	306	752	3,512
Office supplies	22	9	28	384	4,260	353	2	6,268	200	1,551	13,077
Professional fees	290	125	379	5,144	52,069	4,728	23	76,899	367	60,480	200,504
Postage and printing	5	2	7	97	986	90	-	1,456	7	86	2,736
Dues and memberships	11	5	14	188	1,905	173	1	2,814	13	365	5,489
Direct assistance	482	111	238	9,916	106,295	7,087	14	152,449	299	7,583	284,474
Bad debt	-	-	-	-	-	-	-	-	-	-	-
Events	-	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization	62	27	82	1,108	11,219	1,019	5	16,570	79	104,583	134,754
Contributed nonfinancial assets	73	32	96	1,295	13,103	1,190	6	19,354	92	1,137	36,378
<b>Total expenses</b>	<u>\$ 24,733</u>	<u>\$ 15,044</u>	<u>\$ 59,249</u>	<u>\$ 53,507</u>	<u>\$ 246,635</u>	<u>\$ 177,587</u>	<u>\$ 17,088</u>	<u>\$ 372,668</u>	<u>\$ 68,312</u>	<u>\$ 485,950</u>	<u>\$ 1,520,773</u>

**THE ROAD HOME DANE COUNTY, INC. AND SUBSIDIARY**  
Madison, Wisconsin

**Consolidated Statement of Functional Expenses (Continued)**  
Year Ended December 31, 2022

	Program Services							Supporting Activities		Total Expenses
	Subtotal from Previous Page	RISE	Fair Oaks	The Breese Apartments	Vouchers	The Heart Room	Total Program Services	Management and General	Fundraising	
Wages, taxes and benefits	\$ 666,884	\$ 75,362	\$ 51,885	\$ 55,625	\$ 331,435	\$ 57,956	\$ 1,239,147	\$ 326,763	\$ 249,187	\$ 1,815,097
Occupancy	158,092	1,319	792	1,056	11,003	1,912	174,174	8,360	-	182,534
Interest and bank fees	-	-	-	-	-	-	-	16,150	2,026	18,176
Insurance	10,308	-	-	-	-	-	10,308	26,573	-	36,881
Travel and meetings	4,565	695	977	563	5,246	637	12,683	1,194	-	13,877
Telephone	3,512	358	261	282	1,585	279	6,277	3,824	-	10,101
Office supplies	13,077	61	2,916	97	2,121	1,790	20,062	307	9,866	30,235
Professional fees	200,504	981	868	673	26,763	23,507	253,296	2,935	22,455	278,686
Postage and printing	2,736	15	16	13	506	446	3,732	56	12,885	16,673
Dues and memberships	5,489	30	32	25	977	860	7,413	107	948	8,468
Direct assistance	284,474	613	544	536	48,090	47,347	381,604	1,789	-	383,393
Bad debt	-	-	-	-	-	-	-	-	42,473	42,473
Events	-	-	-	-	-	-	-	2,178	175	2,353
Depreciation and amortization	134,754	175	187	145	5,764	5,065	146,090	632	-	146,722
Contributed nonfinancial assets	36,378	204	218	169	6,731	5,916	49,616	739	-	50,355
<b>Total expenses</b>	<b>\$ 1,520,773</b>	<b>\$ 79,813</b>	<b>\$ 58,696</b>	<b>\$ 59,184</b>	<b>\$ 440,221</b>	<b>\$ 145,715</b>	<b>\$ 2,304,402</b>	<b>\$ 391,607</b>	<b>\$ 340,015</b>	<b>\$ 3,036,024</b>

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

**THE ROAD HOME DANE COUNTY, INC. AND SUBSIDIARY**  
Madison, Wisconsin

**Consolidated Statement of Functional Expenses**  
Year Ended December 31, 2021

	<b>Program Services</b>									<b>Subtotal</b>
	<b>Healing House</b>	<b>Housing Stabilization</b>	<b>House-Ability</b>	<b>Foundations</b>	<b>Rapid Rehousing</b>	<b>Moving Up</b>	<b>Building Futures</b>	<b>Tailor Place</b>	<b>Housing and Hope</b>	
Wages, taxes and benefits	\$ 22,061	\$ 36,554	\$ 76,388	\$ 48,837	\$ 139,012	\$ 38,442	\$ 81,890	\$ 63,461	\$ 228,111	\$ 734,756
Occupancy	213	285	812	815	1,346	353	1,376	576	138,616	144,392
Interest and bank fees	-	-	-	-	-	-	-	-	4	4
Insurance	341	457	1,344	1,308	2,154	567	2,210	924	8,867	18,172
Travel and meetings	26	545	843	175	2,350	148	443	19	814	5,363
Telephone	84	112	657	321	772	139	542	227	953	3,807
Office supplies	302	401	1,144	1,143	1,888	496	1,921	2,311	4,428	14,034
Professional fees	926	122	296	308	490	129	503	210	49,744	52,728
Postage and printing	66	88	251	252	415	109	426	178	752	2,537
Dues and memberships	5	7	20	21	34	9	35	15	60	206
Direct assistance	1,544	1,908	15,693	48,334	12,961	2,065	70,596	999	6,891	160,991
Subcontractors	-	-	-	-	-	-	5,663	-	-	5,663
Depreciation and amortization	398	533	1,520	1,526	2,520	661	2,577	1,078	98,697	109,510
Contributed nonfinancial assets	638	1,007	2,433	2,532	4,031	1,060	4,135	1,729	7,135	24,700
<b>Total expenses</b>	<b>\$ 26,604</b>	<b>\$ 42,019</b>	<b>\$ 101,401</b>	<b>\$ 105,572</b>	<b>\$ 167,973</b>	<b>\$ 44,178</b>	<b>\$ 172,317</b>	<b>\$ 71,727</b>	<b>\$ 545,072</b>	<b>\$ 1,276,863</b>



**THE ROAD HOME DANE COUNTY, INC. AND SUBSIDIARY**  
Madison, Wisconsin

**Consolidated Statement of Functional Expenses (Continued)**  
Year Ended December 31, 2021

	Program Services						Supporting Activities			Total Expenses
	Subtotal from Previous Page	RISE	Fair Oaks	The Breeze Apartments	Vouchers	The Heart Room	Total Program Services	Management and General	Fundraising	
	Wages, taxes and benefits	\$ 734,756	\$ 79,669	\$ 61,654	\$ 58,954	\$ 243,452	\$ 37,963	\$ 1,216,448	\$ 338,834	
Occupancy	144,392	715	575	529	2,211	544	148,966	4,395	3,241	156,602
Interest and bank fees	4	-	-	-	-	-	4	15,261	3,089	18,354
Insurance	18,172	1,148	923	849	3,550	874	25,516	5,686	5,285	36,487
Travel and meetings	5,363	1,172	296	35	3,038	450	10,354	127	-	10,481
Telephone	3,807	282	226	208	939	214	5,676	1,612	1,302	8,590
Office supplies	14,034	1,023	1,538	988	3,061	768	21,412	4,903	4,910	31,225
Professional fees	52,728	261	210	193	807	199	54,398	46,701	6,135	107,234
Postage and printing	2,537	221	178	164	685	168	3,953	1,097	15,765	20,815
Dues and memberships	206	18	15	13	56	14	322	90	1,338	1,750
Direct assistance	160,991	1,503	3,456	1,622	6,418	24,272	198,262	1,131	56,585	255,978
Subcontractors	5,663	-	-	-	-	-	5,663	-	-	5,663
Bad debt	-	-	-	-	-	-	-	-	49,607	49,607
Events	-	-	-	-	-	-	-	-	63	63
Depreciation and amortization	109,510	1,339	1,076	991	4,140	1,019	118,075	8,229	6,068	132,372
Contributed nonfinancial assets	24,700	2,148	1,727	1,589	6,642	1,635	38,441	-	-	38,441
<b>Total expenses</b>	<b>\$ 1,276,863</b>	<b>\$ 89,499</b>	<b>\$ 71,874</b>	<b>\$ 66,135</b>	<b>\$ 274,999</b>	<b>\$ 68,120</b>	<b>\$ 1,847,490</b>	<b>\$ 428,066</b>	<b>\$ 427,273</b>	<b>\$ 2,702,829</b>

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

**THE ROAD HOME DANE COUNTY, INC. AND SUBSIDIARY**  
Madison, Wisconsin

**Consolidated Statements of Cash Flows**  
Years Ended December 31, 2022 and 2021

	<b>2022</b>	<b>2021</b>
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ (13,356)	\$ 602,236
<b>Adjustments to reconcile change in net assets to net cash flows provided (used) by operating activities:</b>		
Realized gain on investments	(41,014)	(84,481)
Unrealized (gain) loss on investments	291,444	(218,457)
Contributed nonfinancial assets - property and equipment	-	(11,000)
Depreciation and amortization	146,722	132,372
<b>Changes in assets and liabilities:</b>		
Government grants receivable	(179,126)	(3,092)
Rent and miscellaneous receivables	(7,050)	4,326
Unconditional promises to give	(284,606)	(51,024)
Prepaid expenses	(13,807)	(15,142)
Security deposits	401	(5,796)
Accounts payable and accrued expenses	52,272	(6,242)
Funds held by others	28,828	(433)
Deferred revenue	3,462	(3,670)
Security deposits held	(405)	1,976
Accrued payroll, taxes, and vacation	(5,449)	4,675
<b>Net adjustments</b>	<b>(405,480)</b>	<b>(74,422)</b>
<b>Net cash flows provided (used) by operating activities</b>	<b>(21,684)</b>	<b>346,248</b>
<b>Cash Flows from Investing Activities:</b>		
Interest retained in certificates of deposits	(220)	(515)
Purchases of investments	(578,859)	(433,390)
Proceeds from sale of investments	546,192	398,315
Purchases of property and equipment	-	(26,345)
Purchases of property and equipment held for leasing	(42,788)	(53,609)
<b>Net cash flows used by investing activities</b>	<b>(75,675)</b>	<b>(115,544)</b>
<b>Cash Flows from Financing Activities:</b>		
Payments on notes payable	(10,449)	(11,176)
<b>Net change in cash</b>	(107,808)	219,528
<b>Cash at beginning of year</b>	1,441,136	1,221,608
<b>Cash at end of year</b>	\$ 1,333,328	\$ 1,441,136
<b>Reconciliation of cash:</b>		
Cash	\$ 1,280,824	\$ 1,398,332
Replacement reserve	52,504	42,804
<b>Total cash</b>	\$ 1,333,328	\$ 1,441,136
<b>Supplementary Information:</b>		
Interest paid	\$ 15,479	\$ 15,235

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

**ROAD HOME DANE COUNTY, INC. AND SUBSIDIARY**  
Madison, Wisconsin

**Notes to Consolidated Financial Statements**  
December 31, 2022 and 2021

**1. Summary of Significant Accounting Policies**

**Nature of Activities**

The Road Home Dane County, Inc. (“The Road Home”) is a not-for-profit organization founded in Madison, Wisconsin in 1999 to provide opportunities for homeless children and their families to achieve self-determined goals and affordable, stable housing.

The following program services are included in the accompanying consolidated financial statements:

*Healing House*—Provides a safe place for families when someone needs to prepare for or recover from a medical procedure, childbirth, hospitalization or something similar. The eight-bed facility provides clients with three meals a day, childcare assistance and case management.

*ACE*—Ace Apartments on Madison’s east side were made possible by many partners including the developers at Movin’ Out, Inc. along with Wisconsin Management Company and Dane County Housing Authority. The Road Home staff provides supportive services for 4 families residing at Ace Apartments who receive assistance with Project-Based Housing Vouchers.

*Housing Stabilization*—Supports formerly homeless families in housing through case management, goal planning, and communication with landlords.

*House-Ability*—Housing subsidy and support services for families with an adult with a disability, provided in collaboration with the YMCA Madison and The Salvation Army. This program is scheduled to end during 2022.

*Foundations*—Provides scattered-site, permanent supportive housing (housing located throughout the community instead of in one apartment complex) to six families in our community who are chronically homeless. Foundations is primarily funded through HUD with The Road Home providing case management and administering the program. Families pay 30% of their income back into the program.

*Rapid Rehousing*—Provides limited rental assistance and case management to move families quickly out of homelessness. A partnership program between The Road Home, the YMCA Madison, The Salvation Army and United Way of Dane County.

*Moving Up*—Provides families who have stabilized and no longer need such intense services with Section 8 vouchers, enabling them to move into other rental units where they will continue to receive some supportive services. This opens up permanent supportive housing units for families who are currently homeless.

*Building Futures*—Creates supported housing for young families through collaboration with the YWCA Madison, RISE and other supporting entities.

*Tailor Place*—In partnership with Stone House Development, 10 units of affordable housing for families who have previously been in a rapid rehousing program or permanent supportive housing program, thereby opening space in those programs for families currently experiencing homelessness.

*Housing and Hope*—Provides very affordable apartments owned by The Road Home with full time on-site case management; properties managed by Meridian Group.

*RISE*—In collaboration with The Salvation Army, The Road Home provides support services to about ten families a year in a new rapid rehousing program, who also receive a rental subsidy and assistance with housing location.

**ROAD HOME DANE COUNTY, INC. AND SUBSIDIARY**  
Madison, Wisconsin

**Notes to Consolidated Financial Statements**  
December 31, 2022 and 2021  
(Continued)

**1. Summary of Significant Accounting Policies**

**Nature of Activities (Continued)**

*Fair Oaks*—is a partnership with Stone House Development, Inc. to provide affordable three-bedroom apartments for larger families who have experienced homelessness. Through United Way funding, we will also be partnering with The Playing Field who is expanded to create a new early learning center on the east side of Madison that will serve children living in Fair Oaks Apartments.

*The Breese Apartments*—The Road Home partners with Stone House Development for nine affordable apartments for homeless families in a mixed-income development. Stone House manages the apartments and The Road Home provides supportive case management services.

*Vouchers*—This includes the Mainstream Voucher Program is administered by the City of Madison Community Development Authority and Dane County Housing Authority. The Road Home partners with both agencies to provide support services for over 50 families with Section 8 Mainstream Vouchers, allowing them to pay 30% of their income for rent. Each housing authority has different eligibility criteria but in both partnerships, the household needs to include a head of household between 18-61 years old with a disability.

*The Heart Room*—A pilot program that provides six families with opportunities to achieve housing stability long-term. Includes three years of significant rental assistance with flexible and family-driven support and services. A partnership with Orchard Ridge UCC, Joining Forces for Families, Early Childhood Initiative and The Road Home.

**Principles of Consolidation**

The consolidated financial statements include the accounts of The Road Home and its wholly owned subsidiary, Housing and Hope, LLC. All material intra-entity transactions have been eliminated.

**Basis of Presentation**

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

**Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment fund.

**Net Assets With Donor Restrictions** - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Road Home does not have any net assets that are required to be maintained in perpetuity.

**ROAD HOME DANE COUNTY, INC. AND SUBSIDIARY**  
Madison, Wisconsin

**Notes to Consolidated Financial Statements**  
December 31, 2022 and 2021  
(Continued)

**1. Summary of Significant Accounting Policies (Continued)**

**Use of Estimates**

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

**Cash**

For purposes of the consolidated statements of cash flows, The Road Home considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash. The Road Home also has funds held by Housing and Hope, LLC, which are shown on the consolidated statements of financial position as replacement reserve. These funds are used for maintenance of the property and equipment held for leasing.

**Government Grants Receivable**

Government grants receivable represents amounts that have been billed under contracts for case management services provided by The Road Home. The Road Home considers government grants receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been established. If accounts become uncollectible, they will be charged to operation when that determination is made.

**Rent and Miscellaneous Receivables**

Rent and miscellaneous receivables primarily consists of rent due from tenants. Accounts are considered past due if payments are not received by the 5<sup>th</sup> day after the due date. Past due accounts are charged as late fees. Case management staff, property management and tenants work together to create a payment plan. Interventions such as a protective payee are suggested. After all options, sometimes property management has to move forward with a nonrenewal or eviction. However, due to our mission and goal of trying to end family homelessness, this is an absolute last resort. Management writes off an account when all reasonable collection efforts have been exhausted. Tenant accounts receivable are secured by tenant security deposits, which may be applied to unpaid balances. Management has determined all to be fully collectible; therefore, no allowance for doubtful accounts is considered necessary.

**Promises to Give**

Unconditional promises to give are recognized as revenues in the period received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Promises to give are reported at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to unconditional promises to give.

**Property and Equipment**

The Road Home capitalizes all expenditures for property and equipment in excess of \$1,500. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation or amortization is computed using the straight-line method over the life of the assets. Depreciation and amortization expense was \$146,722 and \$132,372 for the years ended December 31, 2022 and 2021, respectively.

The Road Home also owns property and equipment that are held for leasing to clients.

**ROAD HOME DANE COUNTY, INC. AND SUBSIDIARY**  
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**Notes to Consolidated Financial Statements**  
December 31, 2022 and 2021  
(Continued)

**1. Summary of Significant Accounting Policies (Continued)**

**Investments Held for Board Sustainability Fund**

U.S. GAAP defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. The framework clarifies that the exchange price is the price in transaction between market participants to sell an asset or transfer a liability at the measurement date. The framework emphasizes that fair value is a market-based measurement and not an entity-specific measurement. U.S. GAAP establishes a fair value hierarchy that prioritizes the inputs, which are summarized as follows:

**Level 1** – Quoted prices in active markets, e.g. NYSE, NASDAQ, etc. for assets identical to the securities to be valued. If a Level 1 input is available, it must be used.

**Level 2** – Inputs other than quoted prices that are observable for securities, either directly or indirectly. Examples include matrix pricing utilizing yield curves, prepayment speeds, credit risks, etc.; quoted prices for similar assets in active markets; and inputs derived from observable market data by correlation or other means.

**Level 3** – Unobservable inputs for the asset. In these situations, we develop inputs using the best information available in the circumstances.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets measured at fair value. There were no changes in the methodologies used to measure fair value.

*Mutual funds, REIT, common stocks, and exchange traded funds:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Corporate bonds:* Valued at the present value of future cash flows.

**Expense Allocation**

The consolidated financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel, occupancy, office supplies, and insurance, which are allocated based on estimates by management.

**Contributed Nonfinancial Assets**

Contributions of non-cash goods and services are stated at their fair value in the period received. Donated goods and services meeting recognition criteria under U.S. GAAP are recorded as support and an expense or additions to property and equipment. The Road Home does not monetize any contributed nonfinancial assets and unless otherwise noted, contributed nonfinancial assets did not have donor restrictions.

**Leases**

The Road Home has elected the short-term lease exemption for apartment leases related to rent assistance to individuals on the schedule of revenues and expenses by program. These leases have a term of 12 months or less for existing leases; therefore, The Road Home is exempt from recognizing an asset and liability for these leases. The tenants that reside in the rental units are required to pay The Road Home an amount based on a percentage of their income. Rent expense in the amount of \$176,457 and \$114,544 was paid by The Road Home for years ended December 31, 2022 and 2021, respectively. Minimum annual rental commitments under the non-cancelable leases for the years ended December 31, 2022 and 2021 are \$25,145 and \$16,728, respectively.

**ROAD HOME DANE COUNTY, INC. AND SUBSIDIARY**  
Madison, Wisconsin

**Notes to Consolidated Financial Statements**  
December 31, 2022 and 2021  
(Continued)

**1. Summary of Significant Accounting Policies (Continued)**

**Revenue Recognition**

The Road Home recognizes revenue based on the existence or absence of an exchange transaction. The Road Home recognizes revenue from exchange transactions when it satisfies a performance obligation by providing a service to a customer or member or by transferring control over a product to a customer or member. Accordingly, revenue is classified and reported as follows:

**Exchange transactions** – Recognized when The Road Home satisfies a performance obligation by providing a service or by transferring control over a product to a vendor or customer. All goods and services categorized as an exchange transaction are transferred at a point in time. The Road Home does not have any revenue from exchange transactions.

Revenue from non-exchange transactions consist of the following:

**Contributions of cash and other assets and promises to give** - received without donor stipulations are reported as revenue and net assets without donor restrictions. Contributions and grants received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Contributions that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue with donor restrictions and then released from restriction.

**Federal, state and other contracts** – Federal, state and other contracts are conditional upon the incurrence of allowable qualifying expenses. Revenue is recorded as allowable qualifying expenses incur. Consequently, at December 31, 2022, conditional federal, state and other contracts of \$606,342, for which no amounts had been received in advance, have not been recognized in the accompanying consolidated financial statements.

**Contributed nonfinancial assets** - recognized when a gift of in-kind service is performed on behalf of The Road Home.

**Income Tax Status**

The Road Home is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, The Road Home qualifies for the charitable contribution deduction in Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). Housing and Hope, LLC is considered a disregarded entity for federal tax purposes and its operations are reported on The Road Home's federal exempt organization return.

**Subsequent Events**

Management has evaluated subsequent events through April 20, 2023, the date which the consolidated financial statements were available to be issued. There were no subsequent events requiring disclosure.

**ROAD HOME DANE COUNTY, INC. AND SUBSIDIARY**  
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**Notes to Consolidated Financial Statements**  
December 31, 2022 and 2021  
(Continued)

**1. Summary of Significant Accounting Policies (Continued)**

**Adoption of New Accounting Principles**

Financial Accounting Standards Board (“FASB”) Accounting Standards Updated (“ASU”) 2020-07 Not-For-Profit Entities (Topic 958): *Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets*. The standard requires a not-for-profit to present contributed nonfinancial assets as a separate line item in the consolidated statements of activities, apart from contributions of cash or other financial assets. The standard also requires that the not-for-profit disclose certain attributes of the contributed nonfinancial assets including, qualitative information, monetizing versus utilizing, any donor-imposed restrictions, valuation techniques and the principal market used to arrive at fair value. We have implemented Topic 958 and have adjusted the presentation in these consolidated financial statements accordingly. The amendment has been applied retrospectively. Accordingly, there is no effect on net assets in connection with our implementation of 2020-07.

Effective January 1, 2022, The Road Home adopted FASB ASC 842, *Leases* and recognized and measured leases existing at, or entered into after, January 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment with certain practical expedients available. The new standard establishes a right of use (“ROU”) model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The Road Home has not entered into any leases with terms longer than 12 months.

**2. Liquidity and Availability**

As part of our liquidity management plan, The Road Home maintains cash and cash equivalents in short-term investments sufficient to satisfy general operating requirements and other contractual obligations. The table below presents financial assets available for general expenditures and other contractual obligations within one year at December 31:

	<b>2022</b>	<b>2021</b>
Cash	\$ 1,280,824	\$ 1,398,332
Investments	3,040,253	3,257,796
Government grant receivables, net	207,144	28,018
Rent and miscellaneous receivables, net	21,794	14,744
Unconditional promises to give, net	1,281,186	996,580
<b>Total financial assets</b>	5,831,201	5,695,470
<b>Less amounts not available to be used within one year for general expenditures and other contractual obligations:</b>		
Investments held in quasi-endowment**	(2,748,186)	(2,955,060)
Funds held for others	(28,828)	-
Unconditional promises to give, net	(589,529)	(350,291)
Purpose restricted net assets	(140,183)	(147,451)
<b>Financial assets available to meet general expenditures and other contractual obligations within one year</b>	\$ 2,324,475	\$ 2,242,668

\*\* Represents year-end balance less 5% allowable distribution per endowment policy noted in footnote 13.

In addition to financial assets available to meet general expenditures and contractual obligations over the next 12 months, The Road Home operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures and contractual obligations. Refer to the consolidated statements of cash flows which identifies the sources and uses of The Road Home’s cash for the years ended December 31, 2022 and 2021.



**ROAD HOME DANE COUNTY, INC. AND SUBSIDIARY**  
Madison, Wisconsin

**Notes to Consolidated Financial Statements**

December 31, 2022 and 2021

(Continued)

**3. Investments**

The following summarizes the classification of investments by classification and method of valuation in accordance with the requirements of U.S. GAAP as of December 31, 2022:

	Fair Value			Exempt from Disclosure	Total
	Level 1	Level 2	Level 3		
Cash and money market	\$ -	\$ -	\$ -	\$ 823,083	\$ 823,083
Certificates of deposit	-	-	-	390,580	390,580
<b>Common Stock:</b>					
Basic materials	39,729	-	-	-	39,729
Communications	21,992	-	-	-	21,992
Consumer cyclical	255,256	-	-	-	255,256
Consumer defensive	117,588	-	-	-	117,588
Energy	59,717	-	-	-	59,717
Financial services	174,627	-	-	-	174,627
Healthcare	127,158	-	-	-	127,158
Industrials	302,850	-	-	-	302,850
Technology	234,662	-	-	-	234,662
<b>Total common stock</b>	<u>1,333,579</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,333,579</u>
Mutual funds	58,836	-	-	-	58,836
Corporate bonds	-	23,872	-	-	23,872
REIT	47,753	-	-	-	47,753
Exchange traded funds	362,550	-	-	-	362,550
<b>Total</b>	<u>\$ 1,802,718</u>	<u>\$ 23,872</u>	<u>\$ -</u>	<u>\$ 1,213,663</u>	<u>\$ 3,040,253</u>

The following summarizes the classification of investments by classification and method of valuation in accordance with the requirements of U.S. GAAP as of December 31, 2021:

	Fair Value			Exempt from Disclosure	Total
	Level 1	Level 2	Level 3		
Cash and money market	\$ -	\$ -	\$ -	\$ 791,604	\$ 791,604
Certificates of deposit	-	-	-	528,754	528,754
<b>Common Stock:</b>					
Basic materials	36,203	-	-	-	36,203
Communications	39,117	-	-	-	39,117
Consumer cyclical	299,016	-	-	-	299,016
Consumer defensive	127,129	-	-	-	127,129
Energy	71,337	-	-	-	71,337
Financial services	205,628	-	-	-	205,628
Healthcare	129,930	-	-	-	129,930
Industrials	296,695	-	-	-	296,695
Technology	241,547	-	-	-	241,547
<b>Total common stock</b>	<u>1,446,602</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,446,602</u>
Mutual funds	230,860	-	-	-	230,860
Corporate bonds	-	25,653	-	-	25,653
REIT	63,202	-	-	-	63,202
Exchange traded funds	171,121	-	-	-	171,121
<b>Total</b>	<u>\$ 1,911,782</u>	<u>\$ 25,653</u>	<u>\$ -</u>	<u>\$ 1,320,358</u>	<u>\$ 3,257,796</u>

**ROAD HOME DANE COUNTY, INC. AND SUBSIDIARY**  
Madison, Wisconsin

**Notes to Consolidated Financial Statements**  
December 31, 2022 and 2021  
(Continued)

**3. Investments (Continued)**

Investments consist of the following at December 31:

	<b><u>2022</u></b>	<b><u>2021</u></b>
Board restricted for Board Sustainability Fund	\$ 2,892,827	\$ 3,110,589
Certificates of deposit	<u>147,426</u>	<u>147,207</u>
<b>Total investments</b>	<b>\$ <u>3,040,253</u></b>	<b>\$ <u>3,257,796</u></b>

The Road Home invests in certificates of deposit and money market funds. Certificates of deposit are exempt from fair value disclosure because they are valued at cost plus accrued interest, which approximates fair value. Money market funds are exempt from fair value disclosure because they are managed to maintain a net asset value per share of \$1, and are reported at that net asset value, which closely approximates fair value. Money market fund investments may be withdrawn upon request.

The Road Home's investments are exposed to various risks of loss, such as interest rate, market and credit risks. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the values of investments, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the consolidated financial statements.

**4. Unconditional Promises to Give**

Unconditional promises to give are as follows at December 31:

	<b><u>2022</u></b>	<b><u>2021</u></b>
Receivable in less than one year	\$ 691,656	\$ 639,848
Receivable in one to five years	647,433	400,863
Receivable in more than five years	-	3,750
<b>Total unconditional promises to give</b>	<u>1,339,089</u>	<u>1,044,461</u>
Less allowance for uncollectible promises to receive	(14,825)	(30,380)
Less discounts to net present value	<u>(43,078)</u>	<u>(17,501)</u>
<b>Unconditional promises to give, net</b>	<b>\$ <u>1,281,186</u></b>	<b>\$ <u>996,580</u></b>

Unconditional promises to give receivable in more than one year are discounted at rates ranging from approximately 1% to 5%.

**5. Property and Equipment**

Property and equipment consist of the following at December 31:

	<b><u>2022</u></b>	<b><u>2021</u></b>
Land	\$ 91,000	\$ 91,000
Building	826,745	826,745
Building improvements	310,461	310,461
Furnitures and fixtures	<u>75,650</u>	<u>75,650</u>
<b>Total property and equipment</b>	<u>1,303,856</u>	<u>1,303,856</u>
Less accumulated depreciation and amortization	<u>(194,872)</u>	<u>(151,760)</u>
<b>Property and equipment, net</b>	<b>\$ <u>1,108,984</u></b>	<b>\$ <u>1,152,096</u></b>

**ROAD HOME DANE COUNTY, INC. AND SUBSIDIARY**  
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**Notes to Consolidated Financial Statements**  
December 31, 2022 and 2021  
(Continued)

**5. Property and Equipment (Continued)**

Property and equipment held for leasing consists of the following at December 31:

	<b>2022</b>	<b>2021</b>
Land	\$ 234,800	\$ 234,800
Land improvements	148,523	148,523
Buildings	1,159,391	1,159,391
Building improvements	1,208,017	1,196,478
Furniture and fixtures	185,100	153,851
<b>Total property and equipment held for leasing</b>	<b>2,935,831</b>	<b>2,893,043</b>
Less accumulated depreciation and amortization	(948,264)	(844,654)
<b>Property and equipment held for leasing, net</b>	<b>\$ 1,987,567</b>	<b>\$ 2,048,389</b>

**6. Notes Payable**

The Road Home received two deferred loans totaling \$569,800 from the City of Madison to acquire properties for housing programs. The loans are payable upon sale or transfer of a property or a change in or discontinuance of the permitted use of the properties.

During 2021, The Road Home had a note payable with an interest rate of 3.99%. The note was to mature in September 2022. The Road Home refinanced this note during the year ended December 31, 2022 for a new note with an interest rate of 4.75% that is payable in monthly installments of \$2,358, including interest, through September 27, 2027. The note is secured by land and buildings. The Road Home has an outstanding notes payable balance of \$360,044 and \$370,493 at December 31, 2022 and 2021, respectively. Interest expense was \$15,479 and \$15,235 for the years ended December 31, 2022 and 2021, respectively.

The future scheduled maturities of this note are as follows for years ending December 31:

2023	\$	11,440
2024		11,996
2025		12,578
2026		13,189
2027		310,841
<b>Total</b>	<b>\$</b>	<b>360,044</b>

**7. Board Designated Net Assets**

The Road Home's board of directors has designated net asset without donor restrictions for the following purposes at December 31:

	<b>2022</b>	<b>2021</b>
Designated for Board Sustainability Fund	\$ 2,892,827	\$ 3,110,589

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**Notes to Consolidated Financial Statements**  
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(Continued)

**8. Net Assets with Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes or period at December 31:

	<u>2022</u>	<u>2021</u>
<b>Restricted for Purpose:</b>		
Building	\$ 71,157	\$ 100,105
COVID	5,035	18,311
DMV expenses	395	-
Heart Room	25,000	-
MVP	-	25,000
Rental assistance	22,500	-
Tailor Place	7,500	-
Therapy	-	4,035
Women employment	8,596	-
<b>Total restricted for purpose</b>	140,183	147,451
Restricted for time	1,256,186	996,580
Promise to give restricted for Heart Room	25,000	-
<b>Net assets with donor restrictions</b>	\$ 1,421,369	\$ 1,144,031

**9. Retirement Plan**

The Road Home sponsors a defined contribution plan covering all employees who have completed one year of employment and work at least 20 hours per week. The Road Home makes a contribution to the plan equal to 3% of all participants' compensation. In addition, The Road Home has the option to match participants' contributions to the plan up to 2% of the individual participant's compensation. Total expense for the years ended December 31, 2022 and 2021 was \$43,648 and \$52,030, respectively.

**10. Lease Income and Management Agreement**

The Road Home leases housing units to families with varying amounts and terms that do not exceed one year. Rental income for the years ended December 31, 2022 and 2021 was \$98,146 and \$106,181, respectively. The Road Home has an agreement with Meridian Group, Inc. to manage the apartment operations and the remodeling of property held for leasing and maintain certain accounting records. Meridian Group, Inc. receives compensation equal to \$33 per occupied apartment unit per month. The agreement automatically renews each year unless terminated by either party. Management fees incurred by The Road Home for the years ended December 31, 2022 and 2021 were \$10,956 and \$10,791, respectively.

**11. Contingencies and Concentrations**

For the years ended December 31, 2022 and 2021, contributions from two major contributors accounted for a total of approximately 46% and 28%, respectively, of the total revenue of The Road Home.

Cash is maintained at financial institutions, and at times, balances may exceed federally insured limits. The Road Home has never experienced any losses related to these balances.

The Road Home has received federal and state contracts for specific purposes that are subject to review and audit by the purchasing agencies. Such audits could lead to requests for reimbursements to the purchaser for expenditures disallowed under terms of the grants.

**ROAD HOME DANE COUNTY, INC. AND SUBSIDIARY**  
Madison, Wisconsin

**Notes to Consolidated Financial Statements**  
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(Continued)

**12. Contributed Nonfinancial Assets**

Contributed nonfinancial assets of non-cash supplies and services are recorded as revenue and expenses at their fair value. Contributed services are reported in the consolidated financial statements for voluntary donations of professional services when those services create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and typically would be purchased if not provided by donation. The amounts reflected in the accompanying consolidated financial statements as contributed nonfinancial assets are offset by like amounts included in expenses or as additions to property and equipment. The consolidated statements of activities includes the following contributed nonfinancial assets recognized by category for the years ended December 31:

<u>Type</u>	<u>Revenue Recognized</u>		<u>Utilization in Program/Activities</u>	<u>Donor Restrictions</u>
	<u>2022</u>	<u>2021</u>		
Storage and moving services	\$ 47,475	\$ 37,191	Programming	None
Software	-	11,000	Property and equipment	None
Labor discount	1,000	1,250	Programming	None
Legal services	1,880	-	Management and general	None
<b>Total revenue</b>	<b>\$ <u>50,355</u></b>	<b>\$ <u>49,441</u></b>		

The Road Home used the following valuation techniques and inputs to recognize contributed nonfinancial assets:

**Storage and moving services, software, labor discount and legal services** – Valued at the estimated fair value based on retail rates for similar goods and services.

A substantial number of volunteers have donated time to The Road Home’s program services and fundraising campaigns during the year. These donated services are not reflected in the consolidated financial statements since the services do not require specialized skills and do not meet the requirements of U.S. GAAP.

**13. Quasi-Endowment Fund**

In 2009, The Road Home’s board of directors approved of the Rev. David Michael Board Sustainability Fund (“Fund”). The fund is a general endowment to support the general operations of The Road Home for years to come. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as board designated without donor restriction.

The Road Home’s finance committee is responsible for monitoring the Fund’s investments, recommending changes to its policies when appropriate and facilitating communication with the investment manager. The Road Home’s investment policy states, under normal circumstances, the total return (income plus capital appreciation) should exceed the annual distribution by at least the rate of inflation in order to retain portfolio purchasing power. The annual distribution amount is determined by the finance committee annually and recommended to the board of directors for approval. The maximum distribution is 5% of the fair value of year-end assets.

A reconciliation of The Road Home’s endowment activities are as follows:

<b>Balance, December 31, 2020</b>	\$ 2,772,577
Additions	46,000
Distributions	(46,000)
Net investment activity	<u>338,012</u>
<b>Balance, December 31, 2021</b>	\$ 3,110,589
Additions	-
Distributions	-
Net investment activity	<u>(217,762)</u>
<b>Balance, December 31, 2022</b>	<b>\$ <u>2,892,827</u></b>

**ROAD HOME DANE COUNTY, INC. AND SUBSIDIARY**  
Madison, Wisconsin

**Notes to Consolidated Financial Statements**  
December 31, 2022 and 2021  
(Continued)

**14. Beneficial Interest in Trust**

In a prior year, the Road Home established the Interfaith Hospitality Network Housing and Hope Forever Fund ("Forever Fund") at the Madison Community Foundation ("Foundation"). The agreement between The Road Home and the Foundation states that the transfer of assets is irrevocable and that the transferred assets will not be returned to The Road Home. However, the Foundation will make annual distributions of the income earned on the fund subject to the Foundation's spending policy. The agreement also grants variance power to the Foundation, which permits the Foundation to substitute another beneficiary in place of The Road Home if The Road Home ceases to exist or if the Foundation's board of governors votes that support of The Road Home either is no longer necessary or is inconsistent with the needs of the community. In accordance with FASB Statement No. 136, "*Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*", these assets do not belong to The Road Home and should therefore not be recorded on The Road Home's consolidated statement of financial position.

The Road Home received \$103,828 and \$90,000 in distributions from the Forever Fund for unrestricted purposes during the years ended December 31, 2022 and 2021, respectively.

**15. Reclassifications**

Certain reclassifications have been made to the 2021 consolidated financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

**THE ROAD HOME DANE COUNTY, INC. AND SUBSIDIARY**  
Madison, Wisconsin

**Schedule of Expenditures of Federal and Other Awards**  
For the Year Ended December 31, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Expenditures		Amounts Provided to Subrecipients
			Federal	Other	
<b>U.S. Department of Housing and Urban Development</b>					
<b>Division</b>					
Home Investment Partnerships Program	14.239	Loans	\$ 543,550	\$ -	\$ -
<b>Direct Award</b>					
Supportive Housing Program	14.267	N/A	123,837	-	-
<b>Passed through Salvation Army of Dane County</b>					
Supportive Housing Program	14.267	Unknown	24,480	-	-
<b>Passed through Young Women's Christian Association</b>					
Supportive Housing Program	14.267	Unknown	23,246	-	-
Total Supportive Housing Program			171,563	-	-
<b>County</b>					
Section 8 Housing Choice Vouchers	14.871	Unknown	28,509	-	-
Total U.S. Department of Health and Human Services			743,622	-	-
<b>Dane County Department of Human Services</b>					
Purchase of Service Contracts	N/A	85329	-	100,090	-
American Rescue Plan funding	N/A	Unknown	-	25,000	-
Total Dane County Department of Human Services			-	125,090	-
<b>State of Wisconsin Department of Administration</b>					
Equitable Recovery Grant	N/A	Unknown	-	174,698	-
<b>City of Madison Community Development</b>					
Purchase of Service Contract - The Breese	N/A	Unknown	-	12,000	-
Purchase of Service Contract - Tailor Place	N/A	Unknown	-	18,500	-
Purchase of Service Contract - Vouchers	N/A	Unknown	-	90,000	-
Total City of Madison Community Development			-	120,500	-
<b>Total</b>			<b>\$ 743,622</b>	<b>\$ 420,288</b>	<b>\$ -</b>

See Independent Auditors' Report and Notes to  
Schedule of Expenditures of Federal and Other Awards.

**ROAD HOME DANE COUNTY, INC. AND SUBSIDIARY**  
Madison, Wisconsin

**Notes to Schedule of Expenditures of Federal and Other Awards**  
Year Ended December 31, 2022

**1. Basis of Presentation**

The accompanying schedule of expenditures of federal and other awards ("Schedule") includes the federal and other award activity of The Road Home under programs of the federal and state government for the year ended December 31, 2022. The information in this schedule is presented in accordance with the requirements of the *Wisconsin Department of Health Services Audit Guide*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the consolidated financial statements.

**2. Basis of Accounting**

The accompanying Schedule is presented using the accrual basis of accounting; whereby, revenues are recognized when earned and expenses are recorded as liabilities when incurred.

**3. Indirect Cost Rate**

The Road Home has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**4. Loans Outstanding**

The federal expenditures reported on the Schedule include the balance of a loan from a previous year for which the Department of Housing and Urban Development imposes continuing compliance requirements. At December 31, 2022, the balance of this loan outstanding totaled \$543,550.

**5. Other Awards**

The expenditures in the "other awards" column of the Schedule are from purchase of service contracts or other contracts that are not subject to the Uniform Guidance or Wisconsin State Single Audit.



**THE ROAD HOME DANE COUNTY, INC. AND SUBSIDIARY**  
Madison, Wisconsin

**Consolidated Schedule of Revenue and Expenses by Funding Source**  
Year Ended December 31, 2022

	Dane County		City of Madison			Total
	Building Futures	Heart Room	The Breese	Tailor Place	Other	
<b>Revenue:</b>						
Contributions	\$ -	\$ -	\$ -	\$ -	\$ 2,342,470	\$ 2,342,470
Government grants	72,213	27,877	12,000	18,500	489,770	620,360
Other grants	-	-	-	-	123,368	123,368
Contributed nonfinancial assets	-	-	-	-	50,355	50,355
Investment activity, net	-	-	-	-	(214,041)	(214,041)
Lease income	-	-	-	-	98,146	98,146
Miscellaneous	-	-	-	-	2,010	2,010
<b>Total revenue</b>	<b>72,213</b>	<b>27,877</b>	<b>12,000</b>	<b>18,500</b>	<b>2,892,078</b>	<b>3,022,668</b>
<b>Expenses:</b>						
<b>Program expenses:</b>						
Personnel	5,544	27,877	12,000	18,500	1,175,226	1,239,147
Operating	-	-	-	-	824,411	824,411
Space	-	-	-	-	174,174	174,174
Special costs	66,670	-	-	-	-	66,670
<b>Total program expenses</b>	<b>72,214</b>	<b>27,877</b>	<b>12,000</b>	<b>18,500</b>	<b>2,173,811</b>	<b>2,304,402</b>
<b>Administrative expenses:</b>						
Personnel	-	-	-	-	326,763	326,763
Operating	-	-	-	-	56,484	56,484
Space	-	-	-	-	8,360	8,360
<b>Total administrative expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>391,607</b>	<b>391,607</b>
Fundraising	-	-	-	-	340,015	340,015
<b>Total expenses</b>	<b>72,214</b>	<b>27,877</b>	<b>12,000</b>	<b>18,500</b>	<b>2,905,433</b>	<b>3,036,024</b>
<b>Excess (deficit)</b>	<b>\$ (1)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (13,355)</b>	<b>\$ (13,356)</b>

See Independent Auditors' Report

DANE COUNTY DEPARTMENT OF HUMAN SERVICES

PROVIDER AGENCY EXPENSE REPORT THROUGH: 12.31.2022

<b>Provider Name:</b>	The Road Home Dane County	<b>Contract #:</b>	85329	<b>*Provider Certified By:</b>	<i>Leah Lange</i>	12.22.22
<b>Program Name:</b>	Building Futures CM	<b>Program Group #:</b>	8146			<b>Date</b>

	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
<b>A. PERSONNEL</b>						
Salaries	4,314		4,314	4,314	4,314	
Taxes	330		330	330	330	
Benefits	900		900	900	900	
<b>Subtotal A</b>	<b>5,544</b>	<b>0</b>	<b>5,544</b>	<b>5,544</b>	<b>5,544</b>	<b>0.00%</b>
<b>B. OPERATING</b>						
Insurance				0		
Professional Fees				0		
Audit				0		
Data Processing Fees				0		
Postage, Office, and Program Supplies				0		
Equipment/Furnishings				0		
Depreciation				0		
Telephone				0		
Training/Conference				0		
Food/Household Supplies				0		
Auto Allowance				0		
Vehicle Costs				0		
Other1:				0		
Other2:				0		
<b>Subtotal B</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>
<b>C. SPACE</b>						
Rent				0		
Utilities				0		
Maintenance				0		
Mortgage Interest, Depreciation,				0		
Property Taxes				0		
<b>Subtotal C</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>
<b>D. SPECIAL COSTS</b>						
Assistance to Individuals				0		
<b>Subtotal D</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>
<b>E. OTHER</b>						
Other3:				0		
Other4:				0		
<b>Subtotal E</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>
<b>This section for Adult - DD only.</b>						
<b>F. OFF-SETTING REVENUE</b>						
<b>Show as negative numbers:</b>						
Government Benefits (SSI, SSDI, etc.)				0		
Private Pay (Trust Funds, etc.)				0		
Cost Share				0		
Other				0		
<b>Subtotal F</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>
<b>TOTAL A THROUGH F</b>	<b>5,544</b>	<b>0</b>	<b>5,544</b>	<b>5,544</b>	<b>5,544</b>	<b>0.00%</b>

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

DANE COUNTY DEPARTMENT OF HUMAN SERVICES

PROVIDER AGENCY EXPENSE REPORT THROUGH: 12.31.2022

Provider Name:	The Road Home Dane County	Contract #:	85329	*Provider Certified By:	<i>Leah Lange</i>	12.22.22
Program Name:		Program Group #:	8176			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
<b>A. PERSONNEL</b>						
Salaries				0		
Taxes				0		
Benefits				0		
<b>Subtotal A</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>
<b>B. OPERATING</b>						
Insurance				0		
Professional Fees				0		
Audit				0		
Data Processing Fees				0		
Postage, Office, and Program Supplies				0		
Equipment/Furnishings				0		
Depreciation				0		
Telephone				0		
Training/Conference				0		
Food/Household Supplies				0		
Auto Allowance				0		
Vehicle Costs				0		
Other1:				0		
Other2:				0		
<b>Subtotal B</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>
<b>C. SPACE</b>						
Rent				0		
Utilities				0		
Maintenance				0		
Mortgage Interest, Depreciation,				0		
Property Taxes				0		
<b>Subtotal C</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>
<b>D. SPECIAL COSTS</b>						
Assistance to Individuals	66,841		66,670	66,670	66,841	
<b>Subtotal D</b>	<b>66,841</b>	<b>0</b>	<b>66,670</b>	<b>66,670</b>	<b>66,841</b>	<b>0.26%</b>
<b>E. OTHER</b>						
Other3:				0		
Other4:				0		
<b>Subtotal E</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>
<b>F. OFF-SETTING REVENUE</b>						
<b>Show as negative numbers:</b>						
Government Benefits (SSI, SSDI, etc.)				0		
Private Pay (Trust Funds, etc.)				0		
Cost Share				0		
Other				0		
<b>Subtotal F</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>
<b>TOTAL A THROUGH F</b>	<b>66,841</b>	<b>0</b>	<b>66,670</b>	<b>66,670</b>	<b>66,841</b>	<b>0.26%</b>

\*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: 12.31.22

<b>Provider Name:</b>	The Road Home Dane County	<b>Contract #:</b>	85329	<b>*Provider Certified By:</b>	<i>Leah Lange</i>	12.22.22
<b>Program Name:</b>	Case Management - Heart Room	<b>Program Group #:</b>	8156			<b>Date</b>

	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
<b>A. PERSONNEL</b>						
Salaries	21,546		21,546	21,546	21,546	
Taxes	1,725		1,725	1,725	1,725	
Benefits	4,606		4,606	4,606	4,606	
<b>Subtotal A</b>	<b>27,877</b>	<b>0</b>	<b>27,877</b>	<b>27,877</b>	<b>27,877</b>	<b>0.00%</b>
<b>B. OPERATING</b>						
Insurance				0		
Professional Fees				0		
Audit				0		
Data Processing Fees				0		
Postage, Office, and Program Supplies				0		
Equipment/Furnishings				0		
Depreciation				0		
Telephone				0		
Training/Conference				0		
Food/Household Supplies				0		
Auto Allowance				0		
Vehicle Costs				0		
Other1:				0		
Other2:				0		
<b>Subtotal B</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>
<b>C. SPACE</b>						
Rent				0		
Utilities				0		
Maintenance				0		
Mortgage Interest, Depreciation,				0		
Property Taxes				0		
<b>Subtotal C</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>
<b>D. SPECIAL COSTS</b>						
Assistance to Individuals				0		
<b>Subtotal D</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>
<b>E. OTHER</b>						
Other3:				0		
Other4:				0		
<b>Subtotal E</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>
<b>This section for Adult - DD only.</b>						
<b>F. OFF-SETTING REVENUE</b>						
<b>Show as negative numbers:</b>						
Government Benefits (SSI, SSDI, etc.)				0		
Private Pay (Trust Funds, etc.)				0		
Cost Share				0		
Other				0		
<b>Subtotal F</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>
<b>TOTAL A THROUGH F</b>	<b>27,877</b>	<b>0</b>	<b>27,877</b>	<b>27,877</b>	<b>27,877</b>	<b>0.00%</b>

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

**THE ROAD HOME DANE COUNTY, INC. AND SUBSIDIARY**  
Madison, Wisconsin

**Schedule of Real Property and Related Debt**  
Year Ended December 31, 2022

	<b>714 and 802 Vera Court</b>	<b>5806, 5808, 5812, and 5814 Balsam Road</b>	<b>Total</b>
<b>Cost of property</b>	\$ 1,473,160	\$ 1,462,671	\$ 2,935,831
<b>Related debt</b>			
CDBG deferred loans	\$ 308,000	\$ 261,800	\$ 569,800

See Independent Auditors' Report



**INDEPENDENT AUDITORS' 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  
AND THE WISCONSIN DEPARTMENT OF HEALTH SERVICES AUDIT GUIDE**

To the Board of Directors of  
Road Home Dane County, Inc.

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 and the *Wisconsin Department of Health Services Audit Guide*, the consolidated financial statements of Road Home Dane County, Inc. ("The Road Home"), which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated April 20, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered The Road Home's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Road Home's internal control. Accordingly, we do not express an opinion on the effectiveness of The Road Home'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 consolidated 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.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether The Road Home's consolidated financial statements are free of 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 consolidated financial statements. 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* and the *Wisconsin Department of Health Services Audit Guide* which is described in the accompanying schedule of findings and responses as item 2022-001.

## **The Road Home's Response to Findings**

*Government Auditing Standards* and the *Wisconsin Department of Health Services Audit Guide* requires the auditor to perform limited procedures on The Road Home's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Road Home's response was not subjected to the other auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on the response.

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

April 20, 2023  
Milwaukee, Wisconsin

**ROAD HOME DANE COUNTY, INC. AND SUBSIDIARY**  
Madison, Wisconsin

**Schedule of Prior Audit Findings**  
Year Ended December 31, 2022

The Road Home had no prior audit findings.



**ROAD HOME DANE COUNTY, INC. AND SUBSIDIARY**  
Madison, Wisconsin

**Schedule of Findings and Responses**  
Year Ended December 31, 2022

**Section I. Summary of Auditors' Results**

**Consolidated Financial Statements**

- |   |            |
|---|------------|
| 1. Type of auditors' report issued on whether the consolidated financial statements audited were prepared in accordance with U.S. GAAP: | Unmodified |
| 2. Internal control over financial reporting:   |            |
| A. Significant deficiency(ies) identified?  | None noted |
| B. Material weakness(es) identified?  | No         |
| 3. Noncompliance material to consolidated financial statements?   | None noted |

**State Awards**

- |  |            |
|--|------------|
| 4. Internal control over major programs:   |            |
| A. Significant deficiency(ies)?  | Yes        |
| B. Material weakness(es) identified?   | No         |
| 5. Type of auditors' report issued on compliance for major programs:   | Unmodified |
| 6. Any audit findings disclosed that are required to be reported in accordance with the <i>Wisconsin Department of Health Services Audit Guide</i> ? | Yes        |
| 7. Identification of major state programs:   |            |
| Dane County Department of Human Services – Purchase of Services Agreement #85329   |            |

**Section II. Consolidated Financial Statement Findings**

None

**ROAD HOME DANE COUNTY, INC. AND SUBSIDIARY**  
Madison, Wisconsin

**Schedule of Findings and Responses**  
Year Ended December 31, 2022  
(Continued)

**Section III. State Award Findings and Responses**

**Reference Number: 2022-001**

**Description: Written Procurement Policies**

**Program Name: Dane County Department of Human Services – Purchase of Services Agreement #85329**

*Condition and Criteria:* Procurement policies and procedures have not been implemented to ensure compliance with the requirements under the Department of Health Services Audit Guide (“DHS Guide”). The DHS Guide requires grantees to have a written procurement policy in accordance with Uniform Guidance.

*Cause:* The Road Home has not evaluated or updated its existing policies and procedures to ensure compliance with the DHS Guide.

*Effect:* The Road Home is not in compliance with the DHS Guide.

*Auditors’ Recommendation:* We recommend The Road Home implement procurement policies and evaluate these procedures on an annual basis to determine if additional enhancements should be made or new policies created.

*Views of Responsible Officials:* See attachment for The Road Home’s corrective action plan.

**Section IV. Other Issues**

- |  |                       |
|--|-----------------------|
| 1. Does the auditors’ report or the notes to the consolidated financial statements include disclosure with regard to substantial doubt as to the auditee’s ability to continue as a going concern?   | No                    |
| 2. Does the audit report show audit issues (i.e., material noncompliance, nonmaterial noncompliance, questioned costs, material weakness, 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 <i>Wisconsin Department of Health Services Audit Guide</i> :<br><br>Dane County Department of Human Services | Yes                   |
| 3. Was a Management Letter or other document conveying audit comments issued as a result of this audit?  | Yes                   |
| 4. Name and signature of partner   | _____<br>Jason Wrasse |
| 5. Date of Report  | April 20, 2023        |

**ROAD HOME DANE COUNTY, INC. AND SUBSIDIARY**  
Madison, Wisconsin

**City of Madison Community Development Division**  
**Schedule of Findings and Questioned Costs**  
Year Ended December 31, 2022

1.	Was a Single Audit Required? Dollar threshold used to distinguish between Type A and Type B programs	No N/A
2.	Type of auditors' report issued:	Unmodified
3.	Internal control over financial reporting: Material weakness identified? Significant deficiency identified and not considered a material weakness? Noncompliance material to financial statements noted?	No None noted No
4.	Internal control over major programs: Material weakness identified? Significant deficiency identified not considered to be a material weakness?	N/A N/A
5.	Indirect cost allocation plan reasonable and acceptable per 2 CFR 200 Subpart E ("Audit Requirements")	N/A
6.	Actual costs reasonable and allocated appropriately per 2 CFR Subpart E ("Cost Principle")?	Yes
7.	Costs allocated to the City of Madison Community Development Division contracts based on costs incurred and are supported by records and documents?	Yes
8.	Any audit findings disclosed that are required to be reported in accordance with CFR 200 Subpart F ("Audit Requirements")?	No
9.	Does the audit include an identification of all federal revenue sources and dollar amounts by program?	Yes
10.	Does the audit list any financial statement findings?	No
11.	Does the audit list any federal and state award findings and questioned costs?	Yes
12.	Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern?	No
13.	Does the audit report identify any additional audit issues related to The Road Home's City of Madison Community Development Division grants/contracts?	No
14.	Does the audit include - Schedule of revenue and expenses by program and funding source?	Yes
15.	Schedule of CDBG Office funds expended by program?	No, info reported in #14
16.	Schedule of real property assets and the debt recorded against each property?	Yes
17.	Was a management letter or other document conveying audit comments issued as a result of this audit?	Yes
	Name and Signature of partner	_____ Jason Wrasse
	Date of Audit Report	April 20, 2023



Every child deserves a home

### Corrective Action Plan

**Reference Number: 2022-001**

**Description: Written Procurement Policies**

*Corrective Action Plan:* The Road Home's board of directors will approve a written procurement policy that satisfies the Uniform Guidance requirements.

*Anticipated Corrective Action Plan Completion Date:* June 30, 2023.

*Contact Information:* For additional information regarding this finding please contact Cindy Browning, Executive Director, at 608-294-7998.

A handwritten signature in cursive script that reads 'Cynthia Browning'.

Cindy Browning  
Executive Director  
608-294-7998

