

ADVOCAP, INC.

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS'
REPORT**

DECEMBER 31, 2022 AND 2021

ADVOCAP, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Management
ADVOCAP, Inc.
Fond du Lac, Wisconsin

Opinion

We have audited the accompanying financial statements of ADVOCAP, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of ADVOCAP, Inc. 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 (GAAS) 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 Financial Statements section of our report. We are required to be independent of ADVOCAP, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2022, the Organization adopted new accounting guidance in accordance with Accounting Standards Codification Topic 842, *Leases*, as of the beginning of the period of adoption. The prior period presented is in accordance with Topic 840. Our opinion is not modified with respect to this matter.

Other Matter

As discussed in Note 24 to the financial statements, reporting requirements for a funding source changed in a prior year and the recording of housing loans was no longer accurate. Therefore, the 2021 financial statements have been restated to reflect these changes.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ADVOCAP, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 GAAS 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 financial statements.

In performing an audit in accordance with GAAS 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ADVOCAP, Inc.'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 financial statements as a whole. The accompanying supplementary information on page 33 and pages 44 through 59, as listed in the table of contents, and the accompanying *Schedule of Expenditures of Federal and State Awards*, 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 State Single Audit Guidelines* issued by the Wisconsin Department of Administration, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards* and the *Wisconsin Department of Administration Audit Guide*, we have also issued our report dated April 20, 2023 on our consideration of ADVOCAP, 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 ADVOCAP, 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* and the *Wisconsin Department of Administration Audit Guide* in considering ADVOCAP, Inc.'s internal control over financial reporting and compliance.

Hankins Ash CPAs, LLP

Green Bay, Wisconsin
April 20, 2023

FINANCIAL STATEMENTS

ADVOCAP, INC.
STATEMENTS OF FINANCIAL POSITION

<u>ASSETS</u>	DECEMBER 31,	
	2022	2021 <u>RESTATED</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,411,399	\$ 1,297,008
Beneficial interest in community foundations	62,200	73,320
Accounts receivable:		
Funding sources and programs	1,701,623	2,040,909
Other	29,986	30,027
Inventory	612,236	205,508
Prepaid expenses	183,049	34,810
TOTAL CURRENT ASSETS	4,000,493	3,681,582
PROPERTY AND EQUIPMENT		
Property and equipment, at cost	9,890,349	9,552,619
Less: accumulated depreciation	6,930,880	6,582,027
NET PROPERTY AND EQUIPMENT	2,959,469	2,970,592
OTHER ASSETS		
Investment in subsidiary	11,182	11,198
Loans receivable:		
Housing loans	6,974,188	7,379,251
Allowance for loan losses, housing loans	(145,804)	(206,997)
Low-income entrepreneurs	261,330	242,544
Allowance for loan losses, low-income entrepreneurs	(20,001)	(9,534)
Auto loans	377,528	315,992
Allowance for loan losses, auto loans	(30,000)	(20,000)
TOTAL OTHER ASSETS	7,428,423	7,712,454
TOTAL ASSETS	\$ 14,388,385	\$ 14,364,628

The accompanying notes are an integral part of these statements.

ADVOCAP, INC.
STATEMENTS OF FINANCIAL POSITION - Continued

<u>LIABILITIES AND NET ASSETS</u>	DECEMBER 31,	
	2022	2021 <u>RESTATED</u>
CURRENT LIABILITIES		
Line of credit	\$ 102,048	\$ -
Current maturities:		
Long-term obligations	449,677	194,260
Accounts payable	254,720	182,629
Accrued liabilities:		
Payroll and payroll taxes	780,635	296,973
Other	104,093	96,168
Deferred revenue	60,709	158,181
Program advances	507,929	764,795
	<u>2,259,811</u>	<u>1,693,006</u>
TOTAL CURRENT LIABILITIES		
NONCURRENT LIABILITIES		
Long-term obligations	463,270	907,505
Deferred loans payable	242,470	242,470
Housing loan liability	3,889,547	4,236,270
	<u>4,595,287</u>	<u>5,386,245</u>
TOTAL NONCURRENT LIABILITIES		
TOTAL LIABILITIES		
	<u>6,855,098</u>	<u>7,079,251</u>
NET ASSETS		
Without donor restrictions	1,236,511	1,210,582
With donor restrictions	6,296,776	6,074,795
	<u>7,533,287</u>	<u>7,285,377</u>
TOTAL NET ASSETS		
TOTAL LIABILITIES AND NET ASSETS		
	<u>\$ 14,388,385</u>	<u>\$ 14,364,628</u>

The accompanying notes are an integral part of these statements.

ADVOCAP, INC.
STATEMENTS OF ACTIVITIES

	YEAR ENDED DECEMBER 31,					
	2022			2021		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	RESTATE		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE						
Government awards	\$ -	\$ 12,283,739	\$ 12,283,739	\$ -	\$ 11,768,215	\$ 11,768,215
Program	-	309,665	309,665	-	300,338	300,338
Other services	428,430	-	428,430	364,129	-	364,129
Corporate funds	78,602	-	78,602	140,640	-	140,640
Interest income	12,944	55,581	68,525	9,222	54,308	63,530
Change in beneficial interests	(11,120)	-	(11,120)	8,399	-	8,399
Contributions	1,148	420,830	421,978	25,871	357,122	382,993
Commodities	-	624,931	624,931	-	1,108,819	1,108,819
In-kind donations	120,573	-	120,573	127,860	-	127,860
Net assets released from restriction	13,472,765	(13,472,765)	-	13,155,398	(13,155,398)	-
TOTAL REVENUE	14,103,342	221,981	14,325,323	13,831,519	433,404	14,264,923
EXPENSES						
Program	12,679,618	-	12,679,618	12,147,236	-	12,147,236
Management and general	1,397,795	-	1,397,795	1,393,831	-	1,393,831
TOTAL EXPENSES	14,077,413	-	14,077,413	13,541,067	-	13,541,067
CHANGE IN NET ASSETS	25,929	221,981	247,910	290,452	433,404	723,856
NET ASSETS AT BEGINNING OF YEAR, restated	1,210,582	6,074,795	7,285,377	920,130	5,641,391	6,561,521
NET ASSETS AT END OF YEAR	\$ 1,236,511	\$ 6,296,776	\$ 7,533,287	\$ 1,210,582	\$ 6,074,795	\$ 7,285,377

The accompanying notes are an integral part of these statements.

ADVOCAP, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>TOTAL</u>
Personnel	\$ 6,809,800	\$ 1,084,282	\$ 7,894,082
Professional services	1,976	96,054	98,030
Office operations	1,009,389	113,375	1,122,764
Facilities	753,655	84,268	837,923
Travel	72,308	3,741	76,049
Training and development	60,213	3,412	63,625
Participant expenses	391,303	6,106	397,409
Subcontractors	1,407,369	-	1,407,369
Program materials	1,136,406	-	1,136,406
Vehicle operation	219,454	-	219,454
Tools and equipment	62,110	6,284	68,394
Provision (credit) for loan losses	(1,362)	-	(1,362)
Miscellaneous	11,493	273	11,766
Commodities	624,931	-	624,931
In-kind	120,573	-	120,573
	<u>12,679,618</u>	<u>1,397,795</u>	<u>14,077,413</u>
TOTAL EXPENSES	\$ 12,679,618	\$ 1,397,795	\$ 14,077,413

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

ADVOCAP, INC.
STATEMENT OF FUNCTIONAL EXPENSES - RESTATED
YEAR ENDED DECEMBER 31, 2021

	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>TOTAL</u>
Personnel	\$ 6,277,317	\$ 1,173,893	\$ 7,451,210
Professional services	1,058	92,012	93,070
Office operations	362,472	44,325	406,797
Facilities	653,679	76,372	730,051
Travel	52,015	2,033	54,048
Training and development	45,665	686	46,351
Participant expenses	748,402	532	748,934
Subcontractors	1,409,122	-	1,409,122
Program materials	1,112,319	-	1,112,319
Vehicle operation	189,906	-	189,906
Tools and equipment	88,464	3,978	92,442
Provision (credit) for loan losses	(28,783)	-	(28,783)
Miscellaneous	(1,079)	-	(1,079)
Commodities	1,108,819	-	1,108,819
In-kind	127,860	-	127,860
	<u>12,147,236</u>	<u>1,393,831</u>	<u>13,541,067</u>
TOTAL EXPENSES	\$ 12,147,236	\$ 1,393,831	\$ 13,541,067

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

ADVOCAP, INC.
STATEMENTS OF CASH FLOWS

	YEAR ENDED DECEMBER 31,	
	2022	2021 RESTATED
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 247,910	\$ 723,856
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	348,853	323,452
Change in value in beneficial interest in community foundations	11,120	(8,399)
Provision for loan loss - housing loans	(50,923)	(21,222)
Provision for loan loss - low-income entrepreneurs	10,467	(7,670)
Provision for loan loss - auto loans	10,000	107
Equity in net (gain) loss of subsidiary	16	17
(Gain) loss on disposal of property and equipment	(6,930)	-
Change in assets and liabilities:		
(Increase) decrease in operating assets		
Accounts receivable	339,327	(461,018)
Inventory	(406,728)	112,236
Prepaid expenses	(148,239)	28,069
Assets held for resale	-	-
Increase (decrease) in operating liabilities		
Accounts payable	72,091	(60,657)
Accrued liabilities	491,587	107,429
Deferred revenue	(97,472)	46,220
Program advances	(256,866)	(462,984)
Housing loan liability	(346,723)	(200,722)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	217,490	118,714
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(337,730)	(342,655)
Proceeds from sale of property and equipment	6,930	2,700
Housing loans issued	(160,215)	(219,729)
Collection and recoveries of housing loans	555,008	381,303
Loans to low-income entrepreneurs issued	(137,575)	(81,500)
Collection of loans to low-income entrepreneurs	118,789	145,465
Auto loans issued	(152,252)	(116,157)
Collection of auto loans	90,716	88,961
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(16,329)	(141,612)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	102,048	-
Proceeds from long-term debt	-	30,000
Repayment of long-term debt	(188,818)	(210,605)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(86,770)	(180,605)

The accompanying notes are an integral part of these statements.

ADVOCAP, INC.
STATEMENTS OF CASH FLOWS - Continued

	YEAR ENDED DECEMBER 31,	
	2022	2021
		RESTATED
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	114,391	(203,503)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,297,008	1,500,511
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 1,411,399	\$ 1,297,008
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u>		
Cash paid during the year for interest	\$ 36,675	\$ 43,860
<u>NON-CASH DISCLOSURE OF SUPPLEMENTAL INFORMATION</u>		
Property and equipment included in accounts payable	\$ -	\$ 5,600

The accompanying notes are an integral part of these statements.

ADVOCAP, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 - Nature of Organization and Significant Accounting Policies

Nature of Organization - ADVOCAP, Inc. (the "Organization"), a community action agency, is organized under the laws of the State of Wisconsin as a nonprofit corporation. The Organization is organized exclusively for charitable purposes; its mission is to create opportunities for people and communities to reduce poverty and increase self-sufficiency. The Organization's support comes primarily from federal and state government awards.

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

Basis of Presentation - The accompanying financial statements are prepared in accordance with the accounting principles generally accepted in the United States of America (U.S. GAAP) as codified by the Financial Accounting Standards Board (FASB).

The Organization is required to report information regarding its net assets and its activities 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.

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.

Accounting Pronouncements Adopted - In February 2016, the FASB issued Accounting Standards Update 2016-02, *Leases* (Topic 842). The standard requires the recognition of right-of-use assets and lease liabilities for lease contracts with terms greater than 12 months. Operating lease costs are recognized in the statements of activities as a single lease cost and finance lease costs are recognized in two components, interest expense and amortization expense. The Organization adopted the standard effective January 1, 2022. The Organization has elected the package of practical expedients permitted in ASC Topic 842. Implementation of ASU 842 did not have a material impact on the Organization's financial statements.

As of January 1, 2022 the Organization adopted the provision of FASB issued Accounting Standards Update 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958). Under the new guidance, gifts-in-kind are required to be presented as a separate line item on the statements of activities and additional disclosures will be required. The presentation and disclosures for contributed nonfinancial assets have been enhanced in accordance with the standard.

ADVOCAP, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022 AND 2021

NOTE 1 - Nature of Organization and Significant Accounting Policies - Continued

Recent Accounting Pronouncements - In June 2016, the FASB issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326)*, effective for annual reporting periods beginning after December 15, 2020. ASU 2019-10 subsequently deferred the effective date for ASU 2016-13 until annual reporting periods beginning after December 15, 2022. This ASU changes the impairment model for most financial assets and certain other instruments. For trade and other receivables, held-to-maturity debt securities, loans, and other instruments, entities will be required to use a new forward-looking “expected loss” model that generally will result in the earlier recognition of allowance for losses. In addition, entities will have to disclose significantly more information, including information they use to track credit quality by year of origination for most financing receivables. The Organization is currently assessing the impact on its financial statements.

Cash and Cash Equivalents - The Organization’s cash and cash equivalents consists of cash on deposit with financial institutions. For purposes of the statements of cash flows, the Organization considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Grants Receivable/Accounts Receivable - Grants and accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides 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 of the valuation allowance and a credit to accounts receivable. Management believes all receivables are collectible; accordingly, no allowance as been recorded.

Inventory - Inventory is stated at the lower of cost or net realizable value determined by the first-in, first-out method.

Property and Equipment -

Nongrant award property and equipment - All acquisitions of property and equipment in excess of \$2,500 purchased with nongrant funds are generally capitalized, while all expenditures for repairs and maintenance that do not materially prolong the useful lives of assets are expensed. Purchased property and equipment is recorded and is carried at cost. Donated property and equipment is recorded at the approximate fair value at the date of the donation. Depreciation is computed using the straight-line method based on the following estimated useful lives:

Buildings and improvements	10-30 years
Vehicles	5 years
Equipment	3-15 years

Grant award equipment - For internal purposes, in accordance with grant award budgets approved by funding sources, equipment purchased with grant award funds is charged to expense in the period of purchase instead of being capitalized as an asset and depreciated over its useful life. As a result, the equipment expenses reflected in the *Supplemental Schedule of Expenditures of Federal and State Awards and Other Financial Assistance* include the cost of equipment purchased or leased during the year, while in the financial statements, it is shown in accordance with U.S. GAAP.

ADVOCAP, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022 AND 2021

NOTE 1 - Nature of Organization and Significant Accounting Policies - Continued

The equipment acquired is owned by the Organization while used in the program for which it was purchased or in other future authorized programs. However, the various funding sources have a reversionary interest in the equipment purchased with grant funds and, therefore, its disposition, as well as the ownership of any proceeds there from, is subject to funding source regulations.

Valuation of Long-Lived Assets - U.S. GAAP requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Management reviews all material assets annually for possible impairment. If such assets are considered to be impaired, the impairment recognized is measured as the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. No assets are considered to be impaired at December 31, 2022 and 2021.

Loans Receivable - The Organization grants loans to individuals and small businesses. Loans receivable are stated at unpaid principal balances, less an allowance for loan losses. Interest on loans is recognized over the term of the loan and is calculated using the simple interest method on principal amounts outstanding.

Allowance for Loan Losses - The allowance for loan losses is maintained at a level which, in management's judgment, is adequate to absorb potential losses inherent in the loan portfolio. The amount of the allowance is based on management's evaluation of the collectability of the loan portfolio, including the nature of the portfolio, credit concentrations, and trends in historical loss experience, specific impaired loans, and economic conditions. The allowance is generally determined based on historical losses. The allowance is increased by a provision for loan losses, which is charged to expense and reduced by charge-offs, net of recoveries. Because of uncertainties inherent in the estimation process, management's estimate of credit losses inherent in the loan portfolio and the related allowance may change in the near term. However, the amount of the change that is reasonably possible cannot be estimated.

Deferred Revenue - Payments received during the year for future services are deferred and recognized as income when the performance obligations are met.

Grant Awards/Program Advances - Grants are recorded as invoiced to the funding sources. Revenue is recognized in the accounting period when the related expenses are incurred. Amounts received or receivable in excess of expenses are reflected as unearned revenue.

Contribution Recognition - Contributions are recognized when received or unconditionally pledged. Conditional contributions and promises to give, are recognized as revenue when the barriers to entitlement are overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets is removed. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

ADVOCAP, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022 AND 2021

NOTE 1 - Nature of Organization and Significant Accounting Policies - Continued

Grant Recognition - Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award:

Grant awards that are contributions - Grants awards that are contributions are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability.

Grant awards that are exchange transactions - Exchange transactions are those in which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability.

In-Kind Contributions - The Organization records the value of donated goods when there is an objective basis to measure the value. Donated goods are reflected as in-kind donation revenue in the accompanying statements of activities.

Donated services are recognized as contributions if the services a) create or enhance nonfinancial assets or b) require specialized skills that are performed by people with those skills and would otherwise be purchased by the Organization.

Numerous volunteers have donated significant amounts of time to the Organization, the value of these donated services is not recognized in the accompanying financial statements because they do not meet the criteria for recognition.

Purchase of Service Contracts - Revenue received under purchase of service contracts with government agencies can be subsequently adjusted upon review of the Organization's audited financial statements by the government agency. Historically, such adjustments have been immaterial and are recorded in the year of adjustment.

Functional Allocation of Expenses - The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting activities benefited. Those expenses include shared staff, office operating, space, travel, training, and other, which are allocated on management estimates.

Advertising Costs - Advertising costs are expensed as incurred and totaled \$10,787 and \$2,489 for the years ended December 31, 2022 and 2021, respectively.

Use of Estimates - Management uses estimates and assumptions in preparing 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.

ADVOCAP, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022 AND 2021

NOTE 1 - Nature of Organization and Significant Accounting Policies - Continued

Tax Status - The Organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRS). However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization 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). The Organization is also exempt from state taxation. The Organization has also been granted exemption from property taxes in six local municipalities.

Accounting for Uncertainty in Income Taxes - U.S. GAAP requires management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would be sustained upon examination by a taxing authority. Management has analyzed the tax positions taken by the Organization and has concluded that as of December 31, 2022 and 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions, however, there are currently no audits in progress for any tax period. The Organization will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred.

Reclassifications - Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation of current year's financial statements.

Subsequent Events - The Organization evaluated subsequent events through April 20, 2023, the date which the financial statements were available to be issued.

NOTE 2 - Concentration of Cash and Credit Risk

The Organization may have deposits with a financial institution at times during the year that exceed the Federal Deposit Insurance Corporation (FDIC) insurance threshold of \$250,000. The amount of the accounting loss that the Organization would have incurred had the financial institution not been able to return monies in excess of \$250,000 amounted to \$1,204,372 and \$848,772 as of December 31, 2022 and 2021, respectively. The Organization has sufficient collateral in place to eliminate this credit risk.

NOTE 3 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at December 31:

	<u>2022</u>	<u>2021</u>
Cash	\$ 1,411,399	\$ 1,297,008
Accounts receivable	<u>1,731,609</u>	<u>2,070,936</u>
Total financial assets available within one year	3,143,008	3,367,944
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>2,212,943</u>	<u>2,455,524</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 930,065</u>	<u>\$ 912,420</u>

ADVOCAP, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022 AND 2021

NOTE 3 - Liquidity and Availability - Continued

Liquidity Management

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

To help manage unanticipated liquidity needs, the Organization has committed lines of credit totaling \$802,500, which it could draw upon.

NOTE 4 - Beneficial Interest in Community Foundations

In 2005, the Organization transferred \$7,500 to the Oshkosh Area Community Foundation and \$10,000 to the Community Foundation for the Fox Valley Region, Inc. In 2006, the Organization transferred \$10,000 to the Fond du Lac Area Foundation. The balance of these funds were \$62,200 and \$73,320 as of December 31, 2022 and 2021, respectively.

The Foundations are to distribute the funds to the Organization as the Organization requests the funds. The Foundations have variance powers over the funds. The Foundations have power to modify any restriction or condition on the distribution of funds if, in their sole judgment, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or become inconsistent with the charitable needs of the Organization or the Foundation. The beneficial interests are recognized in the accompanying statements of financial position and are valued at fair market value.

NOTE 5 - Fair Value Measurements

The Organization has determined the fair value of certain assets and liabilities in accordance with the provisions of U.S. GAAP, which provides a framework for measuring fair value under generally accepted accounting principles.

U.S. GAAP defines fair value as the exchange price that would be received for an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. U.S. GAAP requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. U.S. GAAP also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

Level 1 inputs consist of quoted prices in active markets for identical assets that the reporting organization has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset. Level 3 inputs are unobservable inputs related to the asset.

The asset's fair value measurement within the fair value hierarchy is based on the lowest of any input that is significant to the fair value measurement. The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of December 31, 2022 and 2021.

ADVOCAP, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022 AND 2021

NOTE 5 - Fair Value Measurements - Continued

Beneficial interest in Community Foundations: Investments held with a community foundation are valued at fair value based on the closing price for securities listed on a securities exchange, the closing bid or asking price for over-the-counter securities not listed on a securities exchange, or at cost or obtained from an independent pricing service for securities not listed or traded on any exchange or on the over-the-counter market. The custodian of the investments in the community foundation also has the ability to determine the fair value of securities not listed or traded on any exchange or on the over-the-counter market based on available information.

The methods described above may produce a fair value calculation that may be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level within the fair value hierarchy the Organization's assets at fair value on a recurring basis as of December 31, 2022 and 2021:

	<u>FAIR VALUE</u>	<u>QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)</u>	<u>SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)</u>	<u>SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)</u>
<u>December 31, 2022</u>				
Beneficial interest in Community Foundations	\$ 62,200	\$ -	\$ -	\$ 62,200
<u>December 31, 2021</u>				
Beneficial interest in Community Foundations	\$ 73,320	\$ -	\$ -	\$ 73,320

The following is a reconciliation of activity for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs) as of December 31:

Beneficial interest in Community Foundations

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 73,320	\$ 64,921
Investment return	(11,120)	8,399
Balance, end of year	<u>\$ 62,200</u>	<u>\$ 73,320</u>

NOTE 6 - Inventory

Inventory consists of the following as of December 31:

	<u>2022</u>	<u>2021</u>
Jobs in progress – Weatherization	\$ 470,400	\$ 110,966
Jobs in progress – Housing Rehab	85,739	43,319
Material inventory	56,097	51,223
TOTAL INVENTORY	<u>\$ 612,236</u>	<u>\$ 205,508</u>

ADVOCAP, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022 AND 2021

NOTE 7 - Contract Conditions - Nonfederal Share

Head Start Program

Included in the Head Start Program contract conditions is a provision that the Full-Year, Part-Day Head Start Programs receive a nonfederal share equal to 25% of the total federal expenditures. In 2022 and 2021, the Organization requested waivers which decreased the requirement match to \$730,136 and \$455,159, respectively.

	December 31, 2022		
	Federal Expenditures	Non Federal Required	Non Federal Received
Full-Year and Part-Day Head Start	\$ 3,102,930	\$ 730,136	\$ 730,136

	December 31, 2021		
	Federal Expenditures	Non Federal Required	Non Federal Received
Full-Year and Part-Day Head Start	\$ 3,113,833	\$ 455,149	\$ 455,149

WISCAP Jobs and Business Development Program

Included in the WISCAP Jobs and Business Development Program contract conditions is a provision that the Organization obtain a cash match with a combination of nonfederal and nonstate funds. The Organization satisfied this requirement as follows:

	Grant Expenditures	Match Required	Match Earned
Contract period 01/01/22 – 12/31/22	\$ 59,500	\$ 59,500	\$ 60,500

	Grant Expenditures	Match Required	Match Earned
Contract period 01/01/21 – 12/31/21	\$ 50,500	\$ 50,500	\$ 50,500

The match funds for 2022 and 2021 consisted of \$59,500 and \$50,500 of loan funds, respectively.

Winnebago County Nutrition Program

Included in the Winnebago County Nutrition Program contract conditions is a provision that the Organization meet in-kind matching requirements. The Organization met the requirements for 2022 and 2021 as follows:

	Grant Expenditures	Match Required	Match Earned
Contract period 01/01/22 – 12/31/22	\$ 1,218,528	\$ 143,000	\$ 143,000

	Grant Expenditures	Match Required	Match Earned
Contract period 01/01/21 – 12/31/21	\$ 1,259,336	\$ 143,000	\$ 143,000

ADVOCAP, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022 AND 2021

NOTE 7 - Contract Conditions - Nonfederal Share - Continued

SBA Microloan Grant Program

Included in the U.S. Small Business Administration (SBA) Microloan Grant Program contract conditions is a provision that the Organization obtain a nonfederal share of federal expenditures depending on the contract and a provision that the Organization maintain a loan loss reserve equal to 15% of the principal balance of loans granted to borrowers by the Organization. The loan loss reserve funds are required to be segregated in a bank account separate from the Organization's other cash accounts. The contract requirements were satisfied as follows for the grant periods:

	<u>Total Federal Contract</u>	<u>Federal Expenditures</u>	<u>Non Federal Required</u>	<u>Non Federal Received</u>
SBA Technical Assistance SBAOCAML210175	\$ 65,418	\$ 33,060	\$ 10,514	\$ 2,426
SBA Technical Assistance SBAOCAML220372	\$ 61,321	\$ 30,661	\$ 13,141	\$ 7,665
Principal balance of loans to borrowers				\$ 141,199
Loan loss reserve required				\$ 21,180
Loan loss reserve maintained				\$ 43,915

WETAP Auto Loan Program

Included in the WETAP Auto Loan Program contract conditions is a provision that the Organization receive a nonfederal share equal to 85% of the total federal expenditures.

	<u>Federal Expenditures</u>	<u>Non Federal Required</u>	<u>Non Federal Received</u>
Contract period 01/01/22 – 12/31/22	\$ 291,274	\$ 130,328	\$ 130,328

Program for Investment in Microentrepreneurs (PRIME)

Included in the Program for Investment in Microentrepreneurs contract conditions is a provision that the Organization provide matching support from nonfederal sources at the rate of 50%:

	<u>Total Federal Contract</u>	<u>Federal Expenditures</u>	<u>Non Federal Required</u>	<u>Non Federal Received</u>
PRIME SBAOCAPR210031	\$ 196,000	\$ 150,492	\$ 98,000	\$ 73,500
PRIME SBAOCAPR220093	\$ 196,000	\$ 46,195	\$ 98,000	\$ 24,500

ADVOCAP, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022 AND 2021

NOTE 8 - Property and Equipment

A summary of property and equipment is as follows as of December 31:

	<u>2022</u>	<u>2021</u>
Land	\$ 676,887	\$ 676,887
Buildings	1,105,167	1,105,167
Rental properties	1,731,759	1,731,759
Donated building	15,813	15,813
Building improvements	4,084,450	3,829,549
Building improvements – transitional housing project	182,838	182,838
Vehicles	1,172,005	1,148,396
Equipment	<u>921,430</u>	<u>862,210</u>
	\$ 9,890,349	\$ 9,552,619
Less: accumulated depreciation	<u>(6,930,880)</u>	<u>(6,582,027)</u>
NET PROPERTY AND EQUIPMENT	<u>\$ 2,959,469</u>	<u>\$ 2,970,592</u>

Depreciation expense amounted to \$348,853 and \$323,452 for the years ended December 31, 2022 and 2021, respectively.

Included in the summary of property and equipment is the appraised value of a residence in Oshkosh, Wisconsin, donated to the Organization in 1987. The value of the building was based on an appraisal. Also included in the summary of property and equipment is the cost of moving and renovating three single family homes and one duplex. These houses were donated to the Organization during 1990 and were moved at the Organization's expense to lots purchased by the Organization. The capitalized value represents the cost of purchasing land, moving, and rehabilitating the houses. The housing project moving costs represent costs incurred which were necessary in order to relocate the homes to their present location and to renovate them to a livable condition. The Organization is renting the houses to low income families.

NOTE 9 - Investment in Subsidiary

The financial statements include the Organization's investment in one wholly-owned subsidiary (Community Opportunity Enterprises, Inc.) carried on the equity method. The financial statement of the subsidiary has not been consolidated because of immateriality. The investment in subsidiary totaled \$11,182 and \$11,198 as of December 31, 2022 and 2021, respectively.

NOTE 10 - Loans Receivable - Housing Loans

The Organization received a grant from the State of Wisconsin – Department of Local Affairs and Development to make non-interest bearing deferred payment loans to income eligible applicants for home improvements under the Housing Revolving Loan Fund. The grant ended on June 30, 1981. All funds were either loaned to eligible applicants or spent for administrative costs. The loans are to be repaid to the Organization either when ownership of the property is transferred or when the property ceases to be the applicant's principal residence. Repayments of deferred loans are to be used for making additional deferred payment loans or to support housing-related activities (if the Organization is no longer sponsoring the deferred payment loan program).

ADVOCAP, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022 AND 2021

NOTE 10 - Loans Receivable - Housing Loans - Continued

The Organization's Home Ownership Program began in 1991 and has received Housing Cost Reduction Initiative (HCRI) grants from the State of Wisconsin, Department of Administration, and Division of Housing in order to provide down-payment assistance to eligible new home buyers. The current HCRI grants end on December 31, 2023. The Organization administers the funds by making a deferred non-interest bearing loan which is to be repaid to the Organization at the end of a 15-year period or when the home ceases to be the borrower's principal residence. Repaid loans are to be used to promote affordable housing programs for low to moderate-income people.

In addition, the Organization's Home Ownership Program has received federal HOME Homebuyer and rehabilitation funds from the State of Wisconsin, Department of Administration, and Division of Housing in order to provide rehabilitation funds to eligible project homeowners. The current HOME grants ends on December 31, 2023. The Organization administers the funds by making a deferred non-interest bearing loan, which is to be repaid to the Organization when the subject property ceases to be the loan recipient's principal place of residence. Repaid loans under this program need to be returned to the funding source. Therefore, the Organization has a liability of \$3,889,547 and \$4,236,270 at December 31, 2022 and 2021, respectively.

Subsequent to year end, the Organization approved the forgiveness of HOME rehab loans that are over 15 years old. The total amount forgiven is approximately \$3.5 million.

A summary of the loan program since inception is as follows as of December 31:

	<u>2022</u>	<u>2021</u>
Loans issued	\$ 15,474,311	\$ 15,314,096
Loans repaid	(6,392,901)	(5,851,867)
Loans defaulted	<u>(2,107,222)</u>	<u>(2,082,978)</u>
Loans outstanding	6,974,188	7,379,251
Less: allowance for loan losses	<u>(145,804)</u>	<u>(206,997)</u>
LOANS RECEIVABLE, NET	<u>\$ 6,828,384</u>	<u>\$ 7,172,254</u>

Below is a summary of the changes in the allowance for loan losses for the year ended December 31:

	<u>2022</u>	<u>2021</u>
		<u>RESTATED</u>
Balance, beginning of year	\$ 206,997	\$ 272,312
Provision (credit) for loan losses	(50,923)	(61,424)
Loans charged-off	(10,270)	(3,891)
Recoveries	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 145,804</u>	<u>\$ 206,997</u>

ADVOCAP, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022 AND 2021

NOTE 10 - Loans Receivable - Housing Loans - Continued

Detail of the loan programs since inception is as follows:

	DECEMBER 31, 2022				
	Housing Revolving Loan Fund	Buyer Downpayment Assistance	Owner Rehabilitation Assistance	Other	Brookside Senior Village
Loans issued	\$ 222,793	\$ 2,567,024	\$ 10,065,397	\$ 275,713	\$ 192,000
Loans repaid	(149,670)	(1,380,830)	(4,561,806)	(125,212)	-
Loans defaulted	(73,123)	(244,254)	(1,699,628)	(90,217)	-
Loans outstanding	\$ -	\$ 941,940	\$ 3,803,963	\$ 60,284	\$ 192,000

	DECEMBER 31, 2022 - Continued				
	Berlin Senior Village	Riverside Senior, LLC	Marion Manor	Jefferson Street Apartments, LLC	Total
Loans issued	\$ 623,842	\$ 467,331	\$ 483,483	\$ 576,728	\$ 15,474,311
Loans repaid	(93,574)	-	(81,809)	-	(6,392,901)
Loans defaulted	-	-	-	-	(2,107,222)
Loans outstanding	\$ 530,268	\$ 467,331	\$ 401,674	\$ 576,728	6,974,188
Less: allowance for loan losses					(145,804)
LOANS RECEIVABLE, NET					\$ 6,828,384

	DECEMBER 31, 2021				
	Housing Revolving Loan Fund	Buyer Downpayment Assistance	Owner Rehabilitation Assistance	Other	Brookside Senior Village
Loans issued	\$ 222,793	\$ 2,463,199	\$ 10,065,367	\$ 271,469	\$ 192,000
Loans repaid	(149,670)	(1,243,120)	(4,209,838)	(104,611)	-
Loans defaulted	(63,123)	(244,254)	(1,685,654)	(89,947)	-
Loans outstanding	\$ 10,000	\$ 975,825	\$ 4,169,875	\$ 76,911	\$ 192,000

	DECEMBER 31, 2021 - Continued				
	Berlin Senior Village	Riverside Senior, LLC	Marion Manor	Jefferson Street Apartments, LLC	RESTATED Total
Loans issued	\$ 610,369	\$ 457,361	\$ 471,608	\$ 559,930	\$ 15,314,096
Loans repaid	(65,777)	-	(78,851)	-	(5,851,867)
Loans defaulted	-	-	-	-	(2,082,978)
Loans outstanding	\$ 544,592	\$ 457,361	\$ 392,757	\$ 559,930	7,379,251
Less: allowance for loan losses					(206,997)
LOANS RECEIVABLE, NET					\$ 7,172,254

ADVOCAP, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022 AND 2021

NOTE 10 - Loans Receivable - Housing Loans - Continued

The Organization has an established methodology to determine the adequacy of the allowance for loan losses that assesses the risks and losses inherent in the Organization's portfolio. For purposes of determining the allowance for loan losses, the Organization segments certain loans in its portfolio by loan type. The Organization's housing loans are segmented into the following pools: housing revolving loan fund, buyer down payment assistance, owner rehabilitation assistance, and other housing loan portfolios. The Organization also considers these segments to be classes of loans receivable based on the associated risks within those segments. Each class of loan requires significant judgment to determine the estimation method that fits the credit risk characteristics of its portfolio segment. The Organization uses internally developed models in this process. Management must use judgment in establishing additional input metrics for the modeling processes.

A historical loss percentage is applied to each class of loans. The same historical loss percentage time frames are used for all classes. These time frames are based on historical loss experience modeling and other quantitative techniques over the loss emergence period. As of December 31, 2022 and 2021, the historical loss time frame for each class was ten years.

The total allowance for home ownership program loans reflects management's estimate of loan losses inherent in the loan portfolio at the balance sheet date. The Organization considers the allowance for home ownership program loan losses of \$145,804 and \$206,997 adequate to cover loan losses inherent in the home ownership program loan portfolio, as of December 31, 2022 and 2021, respectively.

The following tables present the changes in the allowance for loan losses for buyer down payment assistance, owner rehabilitation assistance, and other loan programs. As of December 31, 2022 and 2021, there is no allowance associated with any other housing loan programs.

	DECEMBER 31, 2022				
	Buyer Downpayment Assistance	Owner Rehabilitation Assistance	Marion Manor	Other	Total
Balance, beginning of year	\$ 162,187	\$ -	\$ -	\$ 44,810	\$ 206,997
Provision (credit) for loan losses	(35,256)	-	-	(15,667)	(50,923)
Loans charged-off	-	-	-	(10,270)	(10,270)
Recoveries	-	-	-	-	-
Balance, end of year	<u>\$ 126,931</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,873</u>	<u>\$ 145,804</u>

	DECEMBER 31, 2021				
	Buyer Downpayment Assistance	Owner Rehabilitation Assistance	Marion Manor	Other	RESTATED Total
Balance, beginning of year	\$ 180,172	\$ -	\$ 38,473	\$ 53,667	\$ 272,312
Provision (credit) for loan losses	(14,094)	-	(38,473)	(8,857)	(61,424)
Loans charged-off	(3,891)	-	-	-	(3,891)
Recoveries	-	-	-	-	-
Balance, end of year	<u>\$ 162,187</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,810</u>	<u>\$ 206,997</u>

ADVOCAP, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022 AND 2021

NOTE 10 - Loans Receivable - Housing Loans - Continued

The Organization does not have any home ownership program loans that are considered past due as payments are not contractually due until ownership of the property is transferred. The Organization does not have any loans that are considered impaired. In addition, all home ownership program loans are non-interest bearing and as such there are no loans that are considered to be in non-accrual status.

NOTE 11 - Loans Receivable - Low-Income Entrepreneurs

The Organization received funding from the U.S. Small Business Administration (SBA) under the Microloan Program to make loans to eligible small businesses in the State of Wisconsin. The loans to small businesses bear interest at rates ranging from 6.00% to 8.00% and are due in varying monthly installments of principal and interest ranging from 5 to 7 years from origination date.

Due to the pandemic in 2021, loans funded with SBA funds had interest suspended through September 30, 2021. Loans funded with USDA funds had no change during 2021.

A summary of the loan program is as follows:

	Low-Income Entrepreneur Program, as of December 31,	
	2022	2021
Balance, beginning of year	\$ 233,010	\$ 289,305
Loans issued	137,575	81,500
Loans repaid	(109,255)	(128,261)
Loans outstanding, end of year	261,330	242,544
Less: allowance for loan losses	(20,001)	(9,534)
LOANS RECEIVABLE, NET	\$ 241,329	\$ 233,010

The Organization has an established methodology to determine the adequacy of the allowance for loan losses that assesses the risks and losses inherent in the Organization's portfolio. For purposes of determining the allowance for loan losses, the Organization considers all loans to be the same class as they have similar risk characteristics. This loan class requires significant judgment to determine the estimation method that fits the credit risk characteristics of its portfolio. The Organization uses internally developed models in this process. Management must use judgment in establishing additional input metrics for the modeling processes.

A historical loss percentage is applied to this class of loans using a historical loss percentage time frame. The time frame used is based on historical loss experience modeling and other quantitative techniques over the loss emergence period. As of December 31, 2022 and 2021, the historical loss time frame for each class was three years.

ADVOCAP, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022 AND 2021

NOTE 11 - Loans Receivable - Low-Income Entrepreneurs - Continued

The total allowance for low-income entrepreneur loans reflects management's estimate of loan losses inherent in the loan portfolio at the statement of financial position date. The Organization considers the allowance for home ownership program loan losses of \$20,001 and \$9,534 adequate to cover loan losses inherent in the low-income entrepreneur loan portfolio, as of December 31, 2022 and 2021, respectively. The following table presents the changes in the allowance for loan losses for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 9,534	\$ 17,204
Provision for loan losses	39,561	(7,670)
Loans charged-off	(29,094)	-
Balance, end of year	<u>\$ 20,001</u>	<u>\$ 9,534</u>

NOTE 12 - Loans Receivable - Auto Loans

The Organization operates the Work N Wheels Program to help employed, eligible individuals and families obtain or repair a vehicle for work related need when public transportation is not a viable option.

A summary of the loan program is as follows:

	<u>Work N Wheels Program, as of December 31,</u>	
	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 315,992	\$ 288,903
Loans issued	152,252	116,157
Loans repaid	(90,715)	(88,961)
Loans charged off	-	(107)
Loans outstanding, end of year	377,528	315,992
Less: allowance for loan losses	(30,000)	(20,000)
LOANS RECEIVABLE, NET	<u>\$ 347,528</u>	<u>\$ 295,992</u>

In 2018, the Organization determined an allowance for loan losses was necessary. In the past, the Organization had the ability to disable the vehicle if payments were delinquent. Also, the Organization has not incurred losses from this program in the past as the loans are fully collateralized by the vehicle and the Organization was able to repossess the vehicle using a locator placed on the vehicle. Due to changes in State law, the ability to disable the vehicle and include a locator is no longer possible. Because of these changes, management determined an allowance for loan losses was necessary. Management reviews the outstanding loans and the payment history to determine the individual loans that require an allowance for loan loss.

ADVOCAP, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022 AND 2021

NOTE 12 - Loans Receivable - Auto Loans

The total allowance for auto loans reflects management's estimate of loan losses inherent in the loan portfolio at the statement of financial position date. The Organization considers the allowance for Work N Wheels program loan losses of \$30,000 and \$20,000 adequate to cover loan losses inherent in the auto loan portfolio, as of December 31, 2022 and 2021, respectively. The following table presents the changes in the allowance for loan losses for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 20,000	\$ 20,000
Provision for loan losses	10,000	107
Loans charged-off	-	(107)
Balance, end of year	<u>\$ 30,000</u>	<u>\$ 20,000</u>

NOTE 13 - Program Advances

Program advances represents unexpended funds received as of December 31, 2022 and 2021. The program advance is either funds owed to funding sources or is approved for use in ongoing or future programs. The program advance balance consists of the following as of December 31:

<u>Program</u>	<u>2022</u>	<u>2021</u>
Work 'n' Wheels	\$ 1,036	\$ 1,036
Centurytel Foundation, Volunteer Services	1,991	1,991
SBA Microloan	18,000	18,000
HHR Contract Funds	-	297,501
Weatherization	<u>486,902</u>	<u>446,267</u>
TOTAL PROGRAM ADVANCES	<u>\$ 507,929</u>	<u>\$ 764,795</u>

The weatherization inventory advance received from the Department of Administration (DOA) for the purpose of purchasing material for the Weatherization Program is recorded as a liability under program advances. There was no balance as of December 31, 2022 and 2021.

NOTE 14 - Line of Credit

As of December 31, 2022 and 2021, the Organization has a \$450,000 line of credit agreement with National Exchange Bank and Trust which bears interest at prime rate as published by the Wall Street Journal, not to be less than 3.95%. The interest rate as of December 31, 2022 and 2021 was 7.50% and 3.95%, respectively. The line of credit expired on July 15, 2022 and was renewed during 2022 through July 15, 2024. The line of credit is collateralized by all existing and future security agreements, mortgages, and deposit accounts between Lender and Borrower, and between any other person or entity providing collateral security for Borrower's obligations. There was no balance outstanding on this line of credit as of December 31, 2022 and 2021.

The Organization has another line of credit beginning December 2022 for \$352,500. The interest rate is equal to the prime rate as published by the Wall Street Journal, not to be less than 5.75%. The interest rate as of December 31, 2022 was 7.50%. The line of credit is collateralized by all existing and future security agreements, mortgages, and deposit accounts between Lender and Borrower, and between any other person or entity providing collateral security for Borrower's obligations. The outstanding balance on this line of credit was \$102,048 as of December 31, 2022.

ADVOCAP, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022 AND 2021

NOTE 15 - Long-Term Obligations

The Wisconsin Department of Health Services' Allowable Cost Policy Manual states that interest is an allowable expense incurred for space costs and equipment purchases. Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), states that interest is an unallowable expense, except for interest on debt incurred after September 29, 1995 to acquire or replace capital assets, which is allowable under certain conditions.

The interest expense of buildings was allocated to benefiting programs based on square footage of space occupied by benefiting programs. That portion of interest allocable to other programs subject to the Uniform Guidance was paid for by the Organization's Community Service Block Grant (CSBG) and corporate funds. This support from the CSBG program is an allowable expense under the CSBG work plan submitted to and approved by the State of Wisconsin – Department of Health and Family Services. The total amount of interest incurred and charged to expense during 2022 and 2021 was \$36,675 and \$43,860, respectively.

Unless otherwise noted below, all loans are secured by the individual property for which the mortgage was issued or receivables arising from loans made under the SBA Microloan Program.

The Organization's long-term obligations are as follows as of December 31:

	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>2022</u>	<u>2021</u>
<u>National Exchange Bank and Trust</u>				
Note payable	5.75%	3/1/2024	\$ 106,825	\$ 120,821
Note payable	5.25%	8/1/2023	168,750	228,112
Note payable	4.95%	5/1/2026	139,857	177,600
Note payable - secured by a bus	4.75%	3/1/2023	2,593	21,875
Note payable	5.00%	4/5/2031	38,557	42,527
Note payable	4.95%	9/1/2023	168,963	178,285
<u>U.S. Small Business Administration</u>				
Note payable*	0.00%	12/22/2024	25,122	37,682
Note payable*	0.00%	12/13/2027	64,455	77,345
Note payable*	0.00%	4/6/2030	51,944	57,778
<u>United States Department of Agriculture</u>				
Note payable	2.00%	12/31/2032	74,467	83,069
Note payable	2.00%	12/31/2036	71,414	76,671
Total long-term obligations			912,947	1,101,765
Less: current maturities			(449,677)	(194,260)
LONG-TERM OBLIGATIONS, LESS CURRENT MATURITIES			<u>\$ 463,270</u>	<u>\$ 907,505</u>

*These funds are used to provide micro loans to eligible small businesses. The note payable is non-interest bearing as long as the average micro loan balance is less than \$10,000. As of December 31, 2022 and 2021, the average balance of micro loans was less than \$10,000, therefore, no interest was charged in relation to these notes.

ADVOCAP, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022 AND 2021

NOTE 15 - Long-Term Obligations - Continued

Aggregate maturities of long-term obligations for the five years and thereafter following December 31, 2022 are as follows:

2023	\$ 449,677
2024	179,950
2025	82,557
2026	54,346
2027	42,010
Thereafter	<u>104,407</u>
Total	<u>\$ 912,947</u>

The Organization is in compliance with all loan covenants.

NOTE 16 - Deferred Loans Payable

The Organization has entered into agreements to obtain financing for its housing rehabilitation program through deferred loans. Unless otherwise stated below, interest and principal payments on the loans payable to the cities of Fond du Lac, Menasha, Neenah, and Oshkosh are deferred indefinitely. All loans are collateralized by mortgages on rental properties. The Organization also entered into an agreement with the Redevelopment Authority of the City of Fond du Lac. The loan was deferred for ten years and is forgivable in 2024 if the loan is still held. The deferred loans payable balance is comprised of the following as of December 31:

<u>Description</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>2022</u>	<u>2021</u>
Note payable - City of Oshkosh	Deferred	8/24/2027	\$ 12,858	\$ 12,858
Note payable - City of Oshkosh	Deferred	8/1/2028	11,910	11,910
Note payable - City of Fond du Lac Redevelopment Authority	Deferred	Forgivable 2024	67,500	67,500
Note payable - City of Oshkosh	Deferred	Deferred	35,202	35,202
Note payable - City of Fond du Lac	Deferred	Deferred	35,000	35,000
Note payable - City of Neenah	Deferred	Deferred	20,000	20,000
Note payable - City of Oshkosh	Deferred	Deferred	15,000	15,000
Note payable - City of Menasha	Deferred	Deferred	15,000	15,000
Note payable - City of Oshkosh	Deferred	Deferred	15,000	15,000
Note payable - City of Oshkosh	Deferred	Deferred	<u>15,000</u>	<u>15,000</u>
Total deferred loans payable			242,470	242,470
Less: current maturities			-	-
DEFERRED LOANS PAYABLE, LESS CURRENT MATURITIES			<u>\$ 242,470</u>	<u>\$ 242,470</u>

ADVOCAP, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022 AND 2021

NOTE 16 - Deferred Loans Payable - Continued

Aggregate maturities of deferred loans payable for the five years and thereafter following December 31, 2022 are as follows:

2023	\$	-
2024		67,500
2025		-
2026		-
2027		12,858
Thereafter		<u>162,112</u>
Total		<u><u>\$ 242,470</u></u>

NOTE 17 - Net Assets

Net assets with donor restrictions are restricted for the following purposes or periods as of December 31:

	<u>2022</u>	<u>2021</u> <u>RESTATED</u>
Subject to expenditure for specified purpose:		
Loan programs	\$ 3,527,694	\$ 3,464,986
Government grants and programs	2,571,967	2,320,681
Benefit of low to moderate income individuals	<u>197,115</u>	<u>289,128</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u><u>\$ 6,296,776</u></u>	<u><u>\$ 6,074,795</u></u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31:

	<u>2022</u>	<u>2021</u> <u>RESTATED</u>
Satisfaction of purposes restrictions:		
Government grants and programs	\$ 13,187,682	\$ 13,125,726
Benefit of low to moderate income individuals	<u>292,013</u>	<u>29,672</u>
TOTAL RESTRICTIONS RELEASED	<u><u>\$ 13,472,765</u></u>	<u><u>\$ 13,155,398</u></u>

NOTE 18 - Defined Contribution Pension Plan

The Organization has a 401k retirement plan covering substantially all employees. Employer contributions to the plan are at the discretion of the Board of Directors. During 2022 and 2021, employer contributions were \$238,709 and \$216,597, respectively, representing 5% of gross wages of eligible employees.

ADVOCAP, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022 AND 2021

NOTE 19 - In-Kind Donations

The value of donated goods and services included as in-kind contributions in the financial statements and the corresponding expenses or assets are as follows for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Materials	\$ 24,501	\$ 20,276
Transportation	3,910	-
Program space	33,850	37,473
Professional services	<u>58,312</u>	<u>70,111</u>
TOTAL IN-KIND DONATIONS	<u>\$ 120,573</u>	<u>\$ 127,860</u>

The Organization receives contributed professional services that are reported using current rates for similar types of services.

Contributed materials received by the Organization are recorded as in-kind contribution revenue with a corresponding increase to in-kind expense. Donated materials are valued at the wholesale prices that would be received for selling similar products.

All contributed services and materials were utilized by the Organization's programs and supporting services. There were no donor-imposed restrictions associated with the donated services and materials.

NOTE 21 - Risks and Uncertainties

The Organization's beneficial interest in Community Foundations are exposed to various risks, such as interest rate, and 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 reasonably possible that changes in risks in the near term could materially affect the amounts reported in the statements of financial position and the statements of activities.

NOTE 22 - Commitments and Contingencies

The Organization is periodically involved in various legal actions and claims that arise as a result of events that occur in the normal course of operations. The ultimate resolution of these actions is not expected to have a material adverse effect on the Organization's financial position.

The Organization distributes federal and state funds to various other not-for-profit agencies as subrecipients. Although the Organization has committed to distributing funds, the distributions are contingent upon the Organization receiving the funding from Federal and State agencies. If the initial funding is not received from the Federal and State agencies, the Organization would not be obligated to distribute any funds to the subrecipient organizations.

SunStarr Real Estate Group, LLC has given the Organization the right of first refusal to purchase the Brookside Senior Village upon the expiration of the 15-year compliance period for the Federal Home Loan Bank – Affordable Housing Program and tax-credit programs.

ADVOCAP, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022 AND 2021

NOTE 23 - Related Parties

A member of the Organization's board of directors is employed at a financial institution the Organization uses for banking services. Another member of the Organization's board of directors is the Executive Director of an organization in which ADVOCAP, Inc. purchased a building from. Also, several members of the Organization's management and members of the Board of Directors reside on the board for organizations from which ADVOCAP, Inc. receives funding. Lastly, the Organization's Executive Director is on the Board of United Community Services, Inc. from which the Organization rents its Neenah office building.

NOTE 24 - Prior Period Adjustment

There was a change in the housing loan program prior to 2020 that program income on the loans needed to be repaid to the funding source. In 2022, management determined a liability should be recorded for this portion of the loan portfolio due to the change in reporting requirements for this funding source. As of January 1, 2021, net assets with donor restrictions were decreased by \$3,716,556. The December 31, 2021 financial statements were restated as follows:

Housing loan allowance decreased \$159,174
Housing loan liabilities increased \$200,722
Refundable advance decreased \$462,984
Government awards increased \$81,499
Provision expense increased \$159,174
Miscellaneous expense decreased \$582,207

The overall impact on net assets for December 31, 2021 was a decrease of net assets with donor restrictions of \$3,741,511 and an increase in net assets without donor restriction of \$529,485.

SUPPLEMENTARY INFORMATION

ADVOCAP, INC.
RECONCILIATION OF SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
AND OTHER FINANCIAL ASSISTANCE (NON-GAAP)
AND STATEMENT OF ACTIVITIES (GAAP)
YEAR ENDED DECEMBER 31, 2022

	Schedule of Federal and State Awards and Other Financial Assistance	Housing Loan Allowance	Low-Income Entrepreneur Loan Allowance	Auto Loan Allowance	Fixed Asset Adjustment	In-Kind Contribution Adjustment	Deferred Revenue Adjustment	Fresh Start Homes Adjustment	Prepaid Expense Adjustment	Other Adjustments	Advance Adjustment	Change in Net Assets of Subsidiary	Statement of Activities
Total revenues	\$ 14,494,528	\$ -	\$ -	\$ -	\$ 6,930	\$ (109,474)	\$ 25,351	\$ -	\$ -	\$ 17	\$ (92,013)	\$ (16)	\$ 14,325,323
Total expenses	14,153,190	(61,193)	10,467	10,000	88,389	(109,474)	-	-	(13,967)	1	-	-	14,077,413
Excess of revenues over expense	341,338	61,193	(10,467)	(10,000)	(81,459)	-	25,351	-	13,967	16	(92,013)	(16)	247,910
Changes in net assets - Subsidiary	(16)	-	-	-	-	-	-	-	-	-	-	16	-
Net assets, January 1, 2022, restated	6,123,952	(206,997)	(9,534)	(20,000)	917,011	-	157,070	11,500	23,245	(5)	289,135	-	7,285,377
Net assets, December 31, 2022	\$ 6,465,274	\$ (145,804)	\$ (20,001)	\$ (30,000)	\$ 835,552	\$ -	\$ 182,421	\$ 11,500	\$ 37,212	\$ 11	\$ 197,122	\$ -	\$ 7,533,287

**REPORTS ON COMPLIANCE
AND
INTERNAL CONTROLS**



**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 ADMINISTRATION AUDIT GUIDE**

To the Board of Directors and Management
ADVOCAP, Inc.
Fond du Lac, 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 and the *Wisconsin Department of Administration Audit Guide*, the financial statements of ADVOCAP, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 20, 2023.

Internal Control over Financial Reporting

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

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 organization'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 Administration Audit Guide* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hankins Ash CPAs, LLP

Green Bay, Wisconsin
April 20, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND
STATE SINGLE AUDIT GUIDELINES**

To the Board of Directors and Management
ADVOCAP, Inc.
Fond du Lac, Wisconsin

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited ADVOCAP, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and *State Single Audit Guidelines* issued by the Wisconsin Department of Administration that could have a direct and material effect on each of ADVOCAP, Inc.'s major federal and state programs for the year ended December 31, 2022. ADVOCAP, Inc.'s major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, ADVOCAP, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of ADVOCAP, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of ADVOCAP, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of

laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to ADVOCAP, Inc.'s federal and state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on ADVOCAP, Inc.'s compliance based on our audit. 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 GAAS, *Government Auditing Standards*, *State Single Audit Guidelines*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about ADVOCAP, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, *State Single Audit Guidelines*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 ADVOCAP, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of ADVOCAP, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of ADVOCAP, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material

weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.

Hankins Ash CPAs, LLP

Green Bay, Wisconsin

April 20, 2023

ADVOCAP, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2022

FEDERAL EXPENDITURES

Source of Contract Funds: Grantor agency Pass-Through agency <u>Program or Cluster Title</u>	Assistance Listing <u>Number</u>	Pass-Through Entity Identifying <u>Number</u>	Federal Expenditures	Subrecipient Pass-Through Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Wisconsin Department of Health Services		70010		
Food Distribution Cluster				
TEFAP Commodities and Soup Kitchen/Food Bank Program	10.568	435100-G22-143180-290	\$ 73,544	\$ 26,253
Commodity Food Distribution	10.569	435100-G20-143180-90	<u>624,931</u>	<u>-</u>
Total Food Distribution Cluster			698,475	26,253
Wisconsin Department of Public Instruction		20-6803		
USDA Reimbursements - Head Start	10.558		155,627	-
Rural Microentrepreneur Assistance Program - Direct	10.870		<u>20,356</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>874,458</u>	<u>26,253</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
City of Oshkosh and Neenah		None		
Community Development Block Grant	14.228		8,433	-
Wisconsin Department of Administration				
Emergency Solutions Grant Program	14.231	ETH 19-01/EHH 20-01 ESG-CV 20-01, EHH 21-01 and EHH 22-01	530,781	441,352
Home Investment Partnerships Program	14.239	TBRA 19-01	32,137	-
WIBOSCOC		DV RRH 19-20/DV RRH 20-21		
Continuum of Care Program	14.267		111,217	-
Emergency Solutions Grant Program	14.231		10,706	-
City of Appleton		WI0022L51001800 and WI10022L51001901		
Continuum of Care Program	14.267		51,191	-
Emergency Solutions Grant Program	14.231	EHH 19-02 and EHH 20-02	26,301	-
Continuum of Care Program - Direct	14.267		475,141	-
Home Investment Partnerships Program - Direct	14.239		<u>205,082</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>1,450,989</u>	<u>441,352</u>
U.S. DEPARTMENT OF TREASURY				
Wisconsin DOA				
Wisconsin Emergency Rental Assistance Program	21.023		551,190	-
Wisconsin Help for Homeowners Program	21.027		<u>123,976</u>	<u>-</u>
Total WI DOA Cluster			675,166	-
WISCAP				
WEDC Workforce Innovation Grant	21.027		<u>6,181</u>	<u>-</u>
Total U.S. Department of Treasury			<u>681,347</u>	<u>-</u>

ADVOCAP, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS - Continued
YEAR ENDED DECEMBER 31, 2022

Source of Contract Funds: Grantor agency Pass-Through agency Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Subrecipient Pass-Through Expenditures
U.S. DEPARTMENT OF JUSTICE				
Project Aspire Transitional Housing Assistance - Direct	16.736	15JOVW-21-GG-02052-TRAN	<u>88,516</u>	<u>10,978</u>
U.S. DEPARTMENT OF TRANSPORTATION				
Wisconsin Department of Transportation		None		
Highway Safety Cluster				
Job Access and Reverse Commute Program	20.516		239,463	-
New Freedom Program	20.521		<u>32,293</u>	-
Total Highway Safety Cluster			<u>271,756</u>	-
Total U.S. Department of Transportation			<u>271,756</u>	-
SMALL BUSINESS ADMINISTRATION				
Microloan Grant Program - Direct	59.046		63,721	-
Program for Investment in Microentrepreneurs (PRIME) - Direct	59.050		<u>196,687</u>	-
Total Small Business Administration			<u>260,408</u>	-
U.S. DEPARTMENT OF ENERGY				
Wisconsin Department of Administration		WX2021.01 / WX1920.01		
Weatherization Assistance for Low-Income Persons	81.042		<u>399,072</u>	-
Total U.S. Department of Energy			<u>399,072</u>	-

ADVOCAP, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS - Continued
YEAR ENDED DECEMBER 31, 2022

Source of Contract Funds: Grantor agency Pass-Through agency <u>Program or Cluster Title</u>	Assistance Listing <u>Number</u>	Pass-Through Entity Identifying <u>Number</u>	Federal <u>Expenditures</u>	Subrecipient Pass-Through <u>Expenditures</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Winnebago County		None		
Aging Cluster				
Winnebago County Nutrition Home Delivered and Congregate Meals	93.044		261,651	-
Winnebago County Nutrition Home Delivered and Congregate Meals	93.045		634,635	-
Winnebago County Nutrition Home Delivered and Congregate Meals	93.053		<u>85,804</u>	-
Total Aging Cluster			<u>982,090</u>	-
Wisconsin Department of Administration		WX2021.01 / WX1920.01		
Low Income Home Energy Assistance	93.568		666,000	-
Head Start - Direct	93.600		<u>3,102,930</u>	-
Total U.S. Department of Health and Human Services			<u>4,751,020</u>	-
U.S. DEPARTMENT OF CHILDREN AND FAMILIES				
Wisconsin Department of Health Services		437004-G20-0001511-000-01		
477 Cluster				
Community Services Block Grant	93.569		<u>810,058</u>	-
Total 477 Cluster			<u>810,058</u>	-
CORPORATION FOR NATIONAL COMMUNITY SERVICE				
Retired and Senior Volunteer Program - Direct	94.002		204,023	-
Foster Grandparent Program - Direct	94.011		<u>181,267</u>	-
Total Corporation for National Community Service			<u>385,290</u>	-
Total Expenditures of Federal Awards			<u>\$ 9,972,914</u>	<u>\$ 478,583</u>

ADVOCAP, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS - Continued
YEAR ENDED DECEMBER 31, 2022

STATE EXPENDITURES

Source of Contract Funds: Grantor agency Pass-Through agency <u>Program or Cluster Title</u>	<u>State ID Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>State Expenditures</u>	<u>Subrecipient Pass-Through Expenditures</u>
WISCONSIN DEPARTMENT OF HEALTH SERVICES				
Retired Senior Volunteer Program	435.560390		\$ 26,221	\$ -
State Foster Grandparent Program	435.560450		43,295	-
WISCAP/ Job and Business Development	Unknown		59,500	-
Winnebago County		None		
Congregate Meals	435.560350		163,963	-
Home Delivered Meals	435.560350		8,540	-
Total Wisconsin Department of Health Services			<u>301,519</u>	<u>-</u>
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION				
Head Start Supplemental Funds	255.327		<u>107,828</u>	<u>-</u>
WISCONSIN DEPARTMENT OF ADMINISTRATION				
Shelter Subsidy Grant	Unknown		2,500	-
HCRI Homeowner Loan Program and Administration	Unknown		61,872	-
Public Benefits - Weatherization	505.371		1,439,870	-
Emergency Rental Assistance Program	Unknown		<u>41,130</u>	<u>-</u>
Total Wisconsin Department of Administration			<u>1,545,372</u>	<u>-</u>
WISCONSIN DIVISION OF ENERGY				
Home Energy Assistance Program	505.371		<u>350,744</u>	<u>-</u>
WISCONSIN DEPARTMENT OF CHILDREN AND FAMILIES				
Skills Enhancement	437.1750		<u>25,253</u>	<u>-</u>
Total Expenditures of State Awards			<u>\$ 2,330,716</u>	<u>\$ -</u>

ADVOCAP, INC.

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2022**

NOTE 1 - Basis of Presentation

The accompanying "Schedule of Expenditures of Federal and State Awards" includes the federal and state award activity of ADVOCAP, Inc. The information in this schedule is presented in accordance with the Uniform Guidance and the *State Single Audit Guidelines*. Because the schedule presents only a selected portion of the operations of ADVOCAP, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of ADVOCAP, Inc.

NOTE 2 - Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and the *State Single Audit Guidelines*, wherein certain types of expenditures are not allowable and are limited as to reimbursement.

NOTE 3 - Oversight Agency

The Federal oversight agency for ADVOCAP, Inc. is the U.S. Department of Health Services.

NOTE 4 - Nonmonetary Assistance

Nonmonetary assistance is reported in the schedule of federal and state awards at the fair market value of the commodities received and used.

NOTE 5 - 10% De Minimis Cost Rate

Elected not to use.

ADVOCAP, INC.
 SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND OTHER FINANCIAL ASSISTANCE
 For the Year Ended December 31, 2022

	DESIGNATED											
	Department of Agriculture (DOA)										HUD	
	10.433	10.569	10.558		10.568			10.769		10.870		
	Housing Preservation Loan Program (1)	Commodity Food Distribution (2)	USDA Reimbursement Head Start (3)	10.558 Subtotal	Emergency Food Assistance Program (TEFAP) 2021/2022 (4)		10.568 Subtotal	Rural Business Enterprise Grant Revolving Loan (6)	Rural Business Development Grants (7)	10.769 Subtotal	RMAP Loan and Tech Assist. Funds (8)	
Total												
Revenues:												
Government awards	\$ 12,347,723	\$ -	\$ -	\$ 155,627	\$ 155,627	\$ 70,394	\$ 3,150	\$ 73,544	\$ -	\$ -	\$ -	\$ 20,356
Program income	739,661	-	-	-	-	-	-	-	-	-	-	-
Other services	6,000	-	-	-	-	-	-	-	-	-	-	-
Corporate funds	122	-	-	-	-	-	-	-	-	-	-	-
Investment return	57,404	-	-	-	-	-	-	-	-	1,792	1,792	1,672
Contributions	488,640	-	-	-	-	-	-	-	-	-	-	-
Commodities	624,931	-	624,931	-	-	-	-	-	-	-	-	-
In-Kind Revenue	230,047	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	14,494,528	-	624,931	155,627	155,627	70,394	3,150	73,544	-	1,792	1,792	22,028
Expenses:												
Personnel Costs	7,831,516	-	-	60,429	60,429	31,868	156	32,024	-	-	-	20,356
Professional Services	98,029	-	-	-	-	158	38	196	-	-	-	-
Office Operating Expenses	1,155,835	-	-	-	-	1,472	266	1,738	-	-	-	-
Facilities	783,470	-	-	-	-	4,780	1,503	6,283	-	-	-	3,068
Travel	75,827	-	-	-	-	35	-	35	-	-	-	-
Training	63,847	-	-	-	-	10	-	10	-	-	-	-
Participant and Volunteer Expenses	467,364	-	-	-	-	11	-	11	-	-	-	-
Subcontractors	1,407,369	-	-	-	-	26,257	195	26,452	-	-	-	-
Program Materials	1,136,405	-	-	75,418	75,418	5,375	992	6,367	-	-	-	-
Vehicle Operation	163,922	-	-	-	-	1	-	1	-	-	-	-
Tools and Equipment	70,890	-	-	19,780	19,780	424	-	424	-	-	-	-
Other	43,738	-	-	-	-	3	-	3	-	15,000	15,000	-
Commodities	624,931	-	624,931	-	-	-	-	-	-	-	-	-
In-Kind	230,047	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	14,153,190	-	624,931	155,627	155,627	70,394	3,150	73,544	-	15,000	15,000	23,424
Excess of Revenues (Expenses)	341,338	-	-	-	-	-	-	-	-	(13,208)	(13,208)	(1,396)
Net Assets - January 1, 2022, Restated	6,123,957	50,000	-	-	-	-	-	-	28,874	151,688	180,562	(9,482)
Funds Transferred	-	-	-	-	-	-	-	-	-	(10,878)	(10,878)	10,878
Change in Net Assets - Subsidiary	(16)	-	-	-	-	-	-	-	-	-	-	-
Net Assets – Designated	6,465,279	50,000	-	-	-	-	-	-	28,874	127,602	156,476	-
Net Assets – Undesignated	-	-	-	-	-	-	-	-	-	-	-	-
Total Net Assets – December 31, 2022	\$ 6,465,279	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,874	\$ 127,602	\$ 156,476	\$ -

ADVOCAP, INC.

SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND OTHER FINANCIAL ASSISTANCE - Continued
For the Year Ended December 31, 2022

	DESIGNATED										
	Department of Housing and Urban Development (HUD)										
	14.228		14.231						14.239		
	Community Development Block Grant Funds (9)	14.228 Subtotal	WIDOA HUD EHH Grant 2021/2022 (10)	WIDOA HUD EHH Grant 2022/2023 (11)	WIDOA HUD EHH Grant-CV 2020-2022 (12)	WIBOSCOC HUD HP Program 2021/2022 (13)	City of Appleton HUD EHH Grant 2021/2022 (14)	City of Appleton HUD EHH Grant 2022/2023 (15)	14.231 Subtotal	HOME/CHBR Rehabilitation Programs Loan Funds (16)	HOME/HRA Rehabilitation Programs Loan Funds (17)
Revenues:											
Government awards	\$ 8,433	\$ 8,433	\$ 95,895	\$ 51,194	\$ 383,692	\$ 10,706	\$ 21,980	\$ 4,321	\$ 567,788	\$ 184,127	\$ 20,955
Program income	-	-	-	-	-	-	-	-	-	-	-
Other services	-	-	-	-	-	-	-	-	-	-	-
Corporate funds	-	-	-	-	-	-	-	-	-	-	-
Investment return	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-
Commodities	-	-	-	-	-	-	-	-	-	-	-
In-Kind Revenue	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	8,433	8,433	95,895	51,194	383,692	10,706	21,980	4,321	567,788	184,127	20,955
Expenses:											
Personnel Costs	-	-	53,807	17,766	18,689	5,031	13,842	5,269	114,404	-	-
Professional Services	-	-	588	299	638	-	163	57	1,745	-	-
Office Operating Expenses	-	-	3,537	1,801	384	-	893	282	6,897	-	-
Facilities	-	-	3,117	1,355	388	-	556	133	5,549	-	-
Travel	-	-	375	725	31	-	27	9	1,167	-	-
Training	-	-	55	46	8	-	11	10	130	-	-
Participant and Volunteer Expenses	-	-	21,560	17,126	41,976	5,675	11,400	656	98,393	-	-
Subcontractors	-	-	24,873	12,072	325,186	-	3	19	362,153	-	-
Program Materials	8,433	8,433	-	-	-	-	-	-	-	-	-
Vehicle Operation	-	-	30	1	3	-	5	-	39	-	-
Tools and Equipment	-	-	27	-	4	-	8	-	39	-	-
Other	-	-	11	3	4	-	3	1	22	-	-
Commodities	-	-	-	-	-	-	-	-	-	-	-
In-Kind	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	8,433	8,433	107,980	51,194	387,311	10,706	26,911	6,436	590,538	-	-
Excess of Revenues (Expenses)	-	-	(12,085)	-	(3,619)	-	(4,931)	(2,115)	(22,750)	184,127	20,955
Net Assets - January 1, 2022, Restated	-	-	-	-	-	-	-	-	-	-	-
Funds Transferred	-	-	12,085	-	3,619	-	4,931	2,115	22,750	(184,127)	(20,955)
Change in Net Assets - Subsidiary	-	-	-	-	-	-	-	-	-	-	-
Net Assets – Designated	-	-	-	-	-	-	-	-	-	-	-
Net Assets – Undesignated	-	-	-	-	-	-	-	-	-	-	-
Total Net Assets – December 31, 2022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

ADVOCAP, INC.

SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND OTHER FINANCIAL ASSISTANCE - Continued
For the Year Ended December 31, 2022

	DESIGNATED								
	Department of Housing and Urban Development (HUD)								
	14.239				14.267				
HOME/CHBR Rehabilitation Programs Administration (18)	WIDOA Tenant-Based Rental Assistance Program 20-22 (19)	WIDOA Tenant-Based Rental Assistance Program 21-23 (20)	RHD HOME Loan Program (21)	14.239 Subtotal	HUD Continuum of Care Program WI0004L5I002013 (22)	HUD Continuum of Care Program WI0146L5I002006 (23)	HUD Continuum of Care Program WI0147L5I002006 (24)	HUD Continuum of Care Program WI0164L5I002005 (25)	
Revenues:									
Government awards	\$ -	\$ 17,590	\$ 14,547	\$ -	\$ 237,219	\$ 39,691	\$ 104,158	\$ 233,933	\$ 83,251
Program income	-	-	-	-	-	-	3,478	-	-
Other services	-	-	-	-	-	-	-	-	-
Corporate funds	-	-	-	-	-	-	-	-	-
Investment return	-	-	-	52,117	52,117	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-
Commodities	-	-	-	-	-	-	-	-	-
In-Kind Revenue	-	-	-	-	-	-	-	-	-
Total Revenues	-	17,590	14,547	52,117	289,336	39,691	107,636	233,933	83,251
Expenses:									
Personnel Costs	2,773	1,565	5,565	-	9,903	35,572	90,624	150,632	61,534
Professional Services	10	319	332	-	661	347	631	1,359	565
Office Operating Expenses	318	54	128	-	500	1,828	2,964	9,030	3,939
Facilities	118	32	85	-	235	1,593	2,081	7,328	2,972
Travel	81	35	30	-	146	97	517	1,779	607
Training	3	-	7	-	10	36	79	170	55
Participant and Volunteer Expenses	1	15,991	13,210	-	29,202	4,301	10,608	24,127	6,668
Subcontractors	2	1	2	-	5	11	75	184	82
Program Materials	-	-	-	-	-	-	-	-	-
Vehicle Operation	1	-	2	-	3	25	24	57	14
Tools and Equipment	4	1	-	-	5	31	22	57	30
Other	1	-	-	-	1	13	11	26	13
Commodities	-	-	-	-	-	-	-	-	-
In-Kind	-	-	-	-	-	-	-	-	-
Total Expenses	3,312	17,998	19,361	-	40,671	43,854	107,636	194,749	76,479
Excess of Revenues (Expenses)	(3,312)	(408)	(4,814)	52,117	248,665	(4,163)	-	39,184	6,772
Net Assets - January 1, 2022, Restated	-	-	-	2,032,643	2,032,643	-	-	-	-
Funds Transferred	3,312	408	4,814	-	(196,548)	4,163	-	(39,184)	(6,772)
Change in Net Assets - Subsidiary	-	-	-	-	-	-	-	-	-
Net Assets - Designated	-	-	-	2,084,760	2,084,760	-	-	-	-
Net Assets - Undesignated	-	-	-	-	-	-	-	-	-
Total Net Assets - December 31, 2022	\$ -	\$ -	\$ -	\$ 2,084,760	\$ 2,084,760	\$ -	\$ -	\$ -	\$ -

ADVOCAP, INC.

SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND OTHER FINANCIAL ASSISTANCE - Continued
For the Year Ended December 31, 2022

	DESIGNATED							
	Department of Housing and Urban Development (HUD)							
	14.267							
	HUD	WIBOSCOC	WIBOSCOC	WIBOSCOC	WIBOSCOC	WIBOSCOC	WIBOSCOC	City of Appleton
	Continuum of	DV RRH	DV RRH	Supportive Services	Supportive Services	Supportive Services	Supportive Services	Continuum of Care
	Care Program	Project	Project	for Coordinated Entry	for Coordinated Entry	for Coord. Entry DV Only	for Coord. Entry DV Only	Rapid Rehousing
	WI0004L5I00114	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	Program
	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)
Revenues:								
Government awards	\$ 14,108	\$ 43,393	\$ 25,971	\$ 15,317	\$ 19,192	\$ 3,902	\$ 3,442	\$ 45,632
Program income	-	-	-	-	-	-	-	417
Other services	-	-	-	-	-	-	-	-
Corporate funds	-	-	-	-	-	-	-	-
Investment return	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-
Commodities	-	-	-	-	-	-	-	-
In-Kind Revenue	-	-	-	-	-	-	-	-
Total Revenues	14,108	43,393	25,971	15,317	19,192	3,902	3,442	46,049
Expenses:								
Personnel Costs	11,772	41,356	17,506	17,675	20,750	4,409	3,883	33,079
Professional Services	134	439	158	87	120	10	14	249
Office Operating Expenses	521	2,167	967	515	796	112	116	1,656
Facilities	346	1,570	453	423	522	95	76	1,065
Travel	9	197	127	14	75	1	2	204
Training	21	31	43	7	42	1	5	35
Participant and Volunteer Expenses	1,279	4,520	6,655	10	15	2	3	17,057
Subcontractors	24	9	58	5	34	2	11	31
Program Materials	-	-	-	-	-	-	-	-
Vehicle Operation	1	23	1	4	11	1	-	10
Tools and Equipment	-	22	-	13	-	3	-	11
Other	1	9	3	4	2	1	-	6
Commodities	-	-	-	-	-	-	-	-
In-Kind	-	-	-	-	-	-	-	-
Total Expenses	14,108	50,343	25,971	18,757	22,367	4,637	4,110	53,403
Excess of Revenues (Expenses)	-	(6,950)	-	(3,440)	(3,175)	(735)	(668)	(7,354)
Net Assets - January 1, 2022, Restated	-	-	-	-	-	-	-	-
Funds Transferred	-	6,950	-	3,440	3,175	735	668	7,354
Change in Net Assets - Subsidiary	-	-	-	-	-	-	-	-
Net Assets - Designated	-	-	-	-	-	-	-	-
Net Assets - Undesignated	-	-	-	-	-	-	-	-
Total Net Assets - December 31, 2022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

ADVOCAP, INC.

SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND OTHER FINANCIAL ASSISTANCE - Continued
For the Year Ended December 31, 2022

	DESIGNATED									
	Department of Housing and Urban Development (HUD)				Dept. of Justice		Department of Transportation			
	14.267		14.905		16.736		20.516			
City of Appleton Continuum of Care Rapid Rehousing Expansion Program (34)	14.267 Subtotal	Lead Hazard Reduction Loan Program (35)	14.905 Subtotal	Office on Violence Against Women Project Aspire (36)	16.736 Subtotal	WI Dept of Transp. WETAP Program Capital (37)	WI Dept of Transp. WETAP Program Operating (38)	WINR Loan Program (39)	20.516 Subtotal	
Revenues:										
Government awards	\$ 5,559	\$ 637,549	\$ -	\$ -	\$ 88,516	\$ 88,516	\$ 214,595	\$ 76,679	\$ -	\$ 291,274
Program income	-	3,895	-	-	-	-	-	-	-	-
Other services	-	-	-	-	-	-	-	-	-	-
Corporate funds	-	-	-	-	-	-	-	-	-	-
Investment return	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-
Commodities	-	-	-	-	-	-	-	-	-	-
In-Kind Revenue	-	-	-	-	-	-	-	-	-	-
Total Revenues	5,559	641,444	-	-	88,516	88,516	214,595	76,679	-	291,274
Expenses:										
Personnel Costs	755	489,547	-	-	32,143	32,143	-	203,891	-	203,891
Professional Services	40	4,153	-	-	515	515	-	1,060	-	1,060
Office Operating Expenses	21	24,632	-	-	2,008	2,008	-	25,498	-	25,498
Facilities	16	18,540	-	-	1,650	1,650	-	8,356	-	8,356
Travel	-	3,629	-	-	250	250	-	2,778	-	2,778
Training	1	526	-	-	41	41	-	250	-	250
Participant and Volunteer Expenses	2,915	78,160	-	-	40,873	40,873	-	164	-	164
Subcontractors	1	527	-	-	11,010	11,010	-	254	-	254
Program Materials	-	-	-	-	-	-	-	-	-	-
Vehicle Operation	-	171	-	-	9	9	-	64	-	64
Tools and Equipment	-	189	-	-	12	12	-	104	-	104
Other	-	89	-	-	5	5	-	40	-	40
Commodities	-	-	-	-	-	-	-	-	-	-
In-Kind	-	-	-	-	-	-	-	-	-	-
Total Expenses	3,749	620,163	-	-	88,516	88,516	-	242,459	-	242,459
Excess of Revenues (Expenses)	1,810	21,281	-	-	-	-	214,595	(165,780)	-	48,815
Net Assets - January 1, 2022, Restated	-	-	58,266	58,266	-	-	947,796	-	12,869	960,665
Funds Transferred	(1,810)	(21,281)	-	-	-	-	(162,784)	165,780	-	2,996
Change in Net Assets - Subsidiary	-	-	-	-	-	-	-	-	-	-
Net Assets – Designated	-	-	58,266	58,266	-	-	999,607	-	12,869	1,012,476
Net Assets – Undesignated	-	-	-	-	-	-	-	-	-	-
Total Net Assets – December 31, 2022	\$ -	\$ -	\$ 58,266	\$ 58,266	\$ -	\$ -	\$ 999,607	\$ -	\$ 12,869	\$ 1,012,476

ADVOCAP, INC.

SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND OTHER FINANCIAL ASSISTANCE - Continued
For the Year Ended December 31, 2022

	DESIGNATED							
	Dept. of Transportation	Dept. of Treasury					Small Business Administration	
	20.521	21.023	21.027			59.046	59.050	
WI Dept of Transp. Section 5310 Program (40)	Wisconsin Emergency Rental Assistance Program (41)	WIDOA Wisconsin Help for Homeowners Program (42)	WISCAP WEDC Workforce Innovation Grant (WIG) Increasing WI's Nursing Workforce (43)	21.027 Subtotal		Microloan Grant Program (44)	Program for Investment in Microentrepreneurs PRIME (45)	
Revenues:								
Government awards	\$ 32,293	\$ 551,190	\$ 123,976	\$ 6,181	\$ 130,157	\$ 63,721	\$ 196,687	
Program income	-	-	-	-	-	-	-	
Other services	-	-	-	-	-	-	-	
Corporate funds	-	-	-	-	-	-	-	
Investment return	-	-	-	-	-	-	-	
Contributions	-	-	-	-	-	-	-	
Commodities	-	-	-	-	-	-	-	
In-Kind Revenue	32,293	-	-	-	-	-	-	
Total Revenues	64,586	551,190	123,976	6,181	130,157	63,721	196,687	
Expenses:								
Personnel Costs	25,987	445,974	93,504	2,484	95,988	57,385	168,991	
Professional Services	256	4,208	563	8	571	484	1,318	
Office Operating Expenses	1,635	78,315	20,483	362	20,845	3,494	11,862	
Facilities	1,033	18,638	3,843	276	4,119	1,574	13,086	
Travel	23	1,496	905	68	973	561	791	
Training	36	790	159	7	166	55	237	
Participant and Volunteer Expenses	274	496	4,292	2,976	7,268	29	114	
Subcontractors	24	664	122	-	122	95	152	
Program Materials	-	-	-	-	-	10	-	
Vehicle Operation	9	241	68	-	68	14	57	
Tools and Equipment	15	180	15	-	15	14	54	
Other	5	188	22	-	22	6	25	
Commodities	-	-	-	-	-	-	-	
In-Kind	32,293	-	-	-	-	-	-	
Total Expenses	61,590	551,190	123,976	6,181	130,157	63,721	196,687	
Excess of Revenues (Expenses)	2,996	-	-	-	-	-	-	
Net Assets - January 1, 2022, Restated	-	-	-	-	-	-	-	
Funds Transferred	(2,996)	-	-	-	-	-	-	
Change in Net Assets - Subsidiary	-	-	-	-	-	-	-	
Net Assets – Designated	-	-	-	-	-	-	-	
Net Assets – Undesignated	-	-	-	-	-	-	-	
Total Net Assets – December 31, 2022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

ADVOCAP, INC.

SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND OTHER FINANCIAL ASSISTANCE - Continued
For the Year Ended December 31, 2022

	DESIGNATED									
	Dept. of Energy				Department of Health and Human Services (DHHS)					
	81.042				93.044	93.045	93.053	93.568		
	DOE Weather- ization WX2122.01 (46)	DOE Weather- ization WX2223.01 (47)	DOE Weatherization Readiness Funds WX2122.01 (48)	81.042 Subtotal	Winn Cnty Home Delivery & Congregate Meals (49)	Winn Cnty Home Delivery & Congregate Meals (50)	Winn Cnty Home Delivery & Congregate Meals (51)	LIEAP Weather- ization WX2122.01 (52)	LIEAP Weather- ization WX2223.01 (53)	93.568 Subtotal
Revenues:										
Government awards	\$ 105,520	\$ 290,520	\$ 3,032	\$ 399,072	\$ 261,651	\$ 634,635	\$ 85,804	\$ 307,939	\$ 358,061	\$ 666,000
Program income	-	-	-	-	64,876	157,356	21,275	-	-	-
Other services	-	-	-	-	-	-	-	-	-	-
Corporate funds	-	-	-	-	-	-	-	-	-	-
Investment return	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-
Commodities	-	-	-	-	-	-	-	-	-	-
In-Kind Revenue	-	-	-	-	14,999	36,381	4,919	-	-	-
Total Revenues	105,520	290,520	3,032	399,072	341,526	828,372	111,998	307,939	358,061	666,000
Expenses:										
Personnel Costs	64,368	186,507	92	250,967	176,694	428,571	57,942	128,106	179,447	307,553
Professional Services	772	1,290	-	2,062	2,362	5,730	775	1,324	1,944	3,268
Office Operating Expenses	690	12,219	-	12,909	18,494	44,857	6,065	8,036	14,743	22,779
Facilities	1,635	6,882	-	8,517	7,607	18,450	2,494	7,069	8,872	15,941
Travel	710	3,029	-	3,739	4,043	9,806	1,326	137	210	347
Training	5,721	7,525	-	13,246	457	1,108	150	94	369	463
Participant and Volunteer Expenses	34	158	-	192	395	959	130	127	174	301
Subcontractors	16,456	44,345	2,940	63,741	2,606	6,320	855	111,751	105,695	217,446
Program Materials	15,112	28,463	-	43,575	129,883	315,031	42,593	50,816	46,460	97,276
Vehicle Operation	-	70	-	70	9,211	22,342	3,021	279	117	396
Tools and Equipment	1	17	-	18	710	1,722	233	150	16	166
Other	21	15	-	36	61	148	20	50	14	64
Commodities	-	-	-	-	-	-	-	-	-	-
In-Kind	-	-	-	-	14,999	36,381	4,919	-	-	-
Total Expenses	105,520	290,520	3,032	399,072	367,522	891,425	120,523	307,939	358,061	666,000
Excess of Revenues (Expenses)	-	-	-	-	(25,996)	(63,053)	(8,525)	-	-	-
Net Assets - January 1, 2022, Restated	-	-	-	-	14,275	36,431	8,268	-	-	-
Funds Transferred	-	-	-	-	25,996	63,053	8,525	-	-	-
Change in Net Assets - Subsidiary	-	-	-	-	-	-	-	-	-	-
Net Assets – Designated	-	-	-	-	14,275	36,431	8,268	-	-	-
Net Assets – Undesignated	-	-	-	-	-	-	-	-	-	-
Total Net Assets – December 31, 2022	\$ -	\$ -	\$ -	\$ -	\$ 14,275	\$ 36,431	\$ 8,268	\$ -	\$ -	\$ -

ADVOCAP, INC.

SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND OTHER FINANCIAL ASSISTANCE - Continued
For the Year Ended December 31, 2022

	DESIGNATED											
	Department of Health and Human Services (DHHS)											
	93.569			93.576		93.600			94.002		94.011	Total Federal Funds
	Community Services Block Grant (54)	CARES Community Services Block Grant (55)	93.569 Subtotal	Refugee Business Loan Program (56)	Head Start Full-Year/ Part Day 05CH010772-03 (57)	Training & Technical Assistance 05CH010772-03 (58)	Head Start American Rescue Pan 05HE000512-01-01 (59)	93.600 Subtotal	CFNCS RSVP Program (60)	CFNCS Foster Grandparent Program (61)		
Revenues:												
Government awards	\$ 352,842	\$ 457,216	\$ 810,058	\$ -	\$ 2,890,067	\$ 30,475	\$ 182,388	\$ 3,102,930	\$ 204,023	\$ 181,267	\$ 9,399,794	
Program income	-	-	-	-	-	-	-	-	-	506	247,908	
Other services	-	-	-	-	-	-	-	-	-	-	-	
Corporate funds	-	-	-	-	-	-	-	-	-	-	-	
Investment return	-	-	-	-	-	-	-	-	-	-	55,581	
Contributions	-	-	-	-	27,002	-	-	27,002	-	-	27,002	
Commodities	-	-	-	-	-	-	-	-	-	-	624,931	
In-Kind Revenue	-	-	-	-	127,901	-	-	127,901	-	-	216,493	
Total Revenues	352,842	457,216	810,058	-	3,044,970	30,475	182,388	3,257,833	204,023	181,773	10,571,709	
Expenses:												
Personnel Costs	94,930	237,064	331,994	-	2,462,360	507	15,940	2,478,807	146,908	80,396	6,016,854	
Professional Services	16,048	290	16,338	-	26,299	-	118	26,417	1,361	1,027	74,507	
Office Operating Expenses	15,300	137,822	153,122	-	125,798	-	133,358	259,156	16,717	19,184	730,707	
Facilities	8,037	1,318	9,355	-	196,387	-	25,497	221,884	6,010	4,021	376,410	
Travel	2,767	154	2,921	-	22,897	-	7	22,904	3,267	1,736	61,938	
Training	3,012	44	3,056	-	3,351	29,968	789	34,108	1,361	137	56,337	
Participant and Volunteer Expenses	5,503	22,944	28,447	-	13,768	-	69	13,837	27,837	71,887	398,969	
Subcontractors	1,523	-	1,523	-	8,272	-	171	8,443	213	132	702,737	
Program Materials	74	57,538	57,612	-	60,046	-	869	60,915	166	3,153	840,432	
Vehicle Operation	704	27	731	-	55,775	-	48	55,823	56	44	92,370	
Tools and Equipment	97	4	101	-	8,518	-	5,522	14,040	85	35	37,941	
Other	142	11	153	-	540	-	-	540	42	21	16,491	
Commodities	-	-	-	-	-	-	-	-	-	-	624,931	
In-Kind	-	-	-	-	127,901	-	-	127,901	-	-	216,493	
Total Expenses	148,137	457,216	605,353	-	3,111,912	30,475	182,388	3,324,775	204,023	181,773	10,247,117	
Excess of Revenues (Expenses)	204,705	-	204,705	-	(66,942)	-	-	(66,942)	-	-	324,592	
Net Assets - January 1, 2022, Restated	-	-	-	(17,946)	-	-	-	-	-	-	3,313,682	
Funds Transferred	(204,705)	-	(204,705)	-	66,942	-	-	66,942	-	-	(235,268)	
Change in Net Assets - Subsidiary	-	-	-	-	-	-	-	-	-	-	-	
Net Assets – Designated	-	-	-	(17,946)	-	-	-	-	-	-	3,403,006	
Net Assets – Undesignated	-	-	-	-	-	-	-	-	-	-	-	
Total Net Assets – December 31, 2022	\$ -	\$ -	\$ -	\$ (17,946)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,403,006	

ADVOCAP, INC.

SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND OTHER FINANCIAL ASSISTANCE - Continued
For the Year Ended December 31, 2022

	DESIGNATED										
	Other State and Local Funds										
	255.327	435.560355	435.560360	435.560390				Public	Public	Wisconsin DOE	Wisconsin DOE
	Wisc DPI Head Start Funds (62)	State TITLE 3C1 CONG MEAL PROG (63)	State TITLE 3C-2 HOME MEALS PROG (64)	State Retired Senior Volunteers (65)	State Foster Grandparent Program (66)	Wisconsin Dept. Children and Families Skills Enhancement (67)	Wisconsin DOA Shelter Subsidy (68)	Public Benefits Weather- ization WX2122.01 (69)	Public Benefits Weather- ization WX2223.01 (70)	Wisconsin DOE Home Energy Assistance Program 2021/2022 (71)	Wisconsin DOE Home Energy Assistance Program 2022/2023 (72)
Revenues:											
Government awards	\$ 107,828	\$ 163,963	\$ 8,540	\$ 26,221	\$ 43,295	\$ 25,253	\$ 2,500	\$ 855,488	\$ 584,382	\$ 211,798	\$ 105,298
Program income	-	40,654	2,117	-	-	-	-	-	-	-	-
Other services	-	-	-	-	-	-	-	-	-	-	-
Corporate funds	-	-	-	-	-	-	-	-	-	-	-
Investment return	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-
Commodities	-	-	-	-	-	-	-	-	-	-	-
In-Kind Revenue	-	9,399	490	-	-	-	-	-	-	-	-
Total Revenues	107,828	214,016	11,147	26,221	43,295	25,253	2,500	855,488	584,382	211,798	105,298
Expenses:											
Personnel Costs	101,728	110,725	5,766	23,472	34,034	15,294	-	444,546	241,769	28,128	10,910
Professional Services	167	1,480	77	172	237	106	-	4,259	4,405	720	250
Office Operating Expenses	833	11,589	604	1,190	1,559	972	-	70,734	69,193	1,921	765
Facilities	534	4,767	248	1,276	1,341	1,971	-	20,638	11,740	1,492	336
Travel	333	2,533	132	17	18	466	-	2,259	2,097	20	10
Training	-	286	15	29	33	9	-	149	3,810	19	26
Participant and Volunteer Expenses	-	248	13	16	6,022	6,422	2,500	2,419	996	25	16
Subcontractors	300	1,633	85	23	27	7	-	213,577	182,871	178,116	92,632
Program Materials	2,600	81,391	4,239	-	-	-	-	43,736	39,525	135	-
Vehicle Operation	1,333	5,772	301	11	9	2	-	35,281	17,167	1,173	351
Tools and Equipment	-	445	23	14	10	3	-	17,770	10,776	37	-
Other	-	38	2	1	5	1	-	120	33	12	2
Commodities	-	-	-	-	-	-	-	-	-	-	-
In-Kind	-	9,399	490	-	-	-	-	-	-	-	-
Total Expenses	107,828	230,306	11,995	26,221	43,295	25,253	2,500	855,488	584,382	211,798	105,298
Excess of Revenues (Expenses)	-	(16,290)	(848)	-	-	-	-	-	-	-	-
Net Assets - January 1, 2022, Restated	-	-	-	-	-	-	-	-	-	-	-
Funds Transferred	-	16,290	848	-	-	-	-	-	-	-	-
Change in Net Assets - Subsidiary	-	-	-	-	-	-	-	-	-	-	-
Net Assets - Designated	-	-	-	-	-	-	-	-	-	-	-
Net Assets - Undesignated	-	-	-	-	-	-	-	-	-	-	-
Total Net Assets - December 31, 2022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

ADVOCAP, INC.

SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND OTHER FINANCIAL ASSISTANCE - Continued
For the Year Ended December 31, 2022

	DESIGNATED									
	Other State and Local Funds									
	Home Energy Assistance Program Water Repair/Replace 2021/2022 (73)	Home Energy Assistance Program Water Repair/Replace 2022/2023 (74)	HCRI Homeowner Loan Program (75)	HCRI Homeowner Loan Admin (76)	Wisconsin Emergency Rental Assistance Program (77)	Winn. County Home Delivery & Congregate Meals (78)	Winn. County Sr. Friends Transportation & PASS Prog. (79)	WI DHS WISCAP JBD Funds GPR (80)	Head Start School District Funds (81)	Oshkosh Area United Way Homeless Job Placement (82)
Revenues:										
Government awards	\$ 16,381	\$ 17,267	\$ 51,100	\$ 10,772	\$ 41,130	\$ 63,935	\$ 144,190	\$ 59,500	\$ 345,088	\$ -
Program income	-	-	1,525	-	-	15,853	-	-	-	-
Other services	-	-	-	-	-	-	-	-	-	-
Corporate funds	-	-	-	-	-	-	-	-	-	-
Investment return	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	9,000
Commodities	-	-	-	-	-	-	-	-	-	-
In-Kind Revenue	-	-	-	-	-	3,665	-	-	-	-
Total Revenues	16,381	17,267	52,625	10,772	41,130	83,453	144,190	59,500	345,088	9,000
Expenses:										
Personnel Costs	1,257	1,678	-	3,443	35,949	43,175	124,251	53,202	282,101	9,000
Professional Services	12	10	-	24	272	577	1,049	1,662	2,802	-
Office Operating Expenses	93	212	-	3,181	3,160	4,519	10,499	2,408	30,859	-
Facilities	68	85	-	127	1,564	1,859	5,309	1,893	19,624	-
Travel	1	2	-	297	45	988	1,111	77	206	-
Training	1	5	-	4	-	112	751	145	437	-
Participant and Volunteer Expenses	1	3	-	1	1	97	905	30	705	-
Subcontractors	14,946	15,197	-	4	70	637	196	50	463	-
Program Materials	-	-	-	-	-	31,737	-	-	4,955	-
Vehicle Operation	2	75	-	26	9	2,251	41	14	623	-
Tools and Equipment	-	-	-	3	60	173	57	13	2,221	-
Other	-	-	-	-	-	15	21	6	92	-
Commodities	-	-	-	-	-	-	-	-	-	-
In-Kind	-	-	-	-	-	3,665	-	-	-	-
Total Expenses	16,381	17,267	-	7,110	41,130	89,805	144,190	59,500	345,088	9,000
Excess of Revenues (Expenses)	-	-	52,625	3,662	-	(6,352)	-	-	-	-
Net Assets - January 1, 2022, Restated	-	-	1,204,055	-	-	16,278	-	-	-	-
Funds Transferred	-	-	(7,665)	(3,662)	-	6,352	-	-	-	-
Change in Net Assets - Subsidiary	-	-	-	-	-	-	-	-	-	-
Net Assets – Designated	-	-	1,249,015	-	-	16,278	-	-	-	-
Net Assets – Undesignated	-	-	-	-	-	-	-	-	-	-
Total Net Assets – December 31, 2022	\$ -	\$ -	\$ 1,249,015	\$ -	\$ -	\$ 16,278	\$ -	\$ -	\$ -	\$ -

ADVOCAP, INC.

SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND OTHER FINANCIAL ASSISTANCE - Continued
For the Year Ended December 31, 2022

	DESIGNATED												
	Other State and Local Funds												
	Oshkosh Area United Way Skills (83)	Oshkosh Area United Way Bridges (84)	Oshkosh Kids Foundation (85)	Oshkosh Area United Way Nutrition (86)	Fox Cities United Way Nutrition (87)	Oshkosh United Way Garden (88)	Ripon United Way (89)	Oshkosh Area Community Foundation Green Lake (90)	Oshkosh Area Community Foundation (91)	National Exchange Bank Contribution (92)	Associated Bank (93)	WE Energies Foundation (94)	WPS Foundation (95)
Revenues:													
Government awards	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Program income	-	-	-	-	-	1,608	-	-	-	-	-	-	-
Other services	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment return	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions	5,337	54,881	2,540	10,000	51,583	-	606	4,830	19,602	292,013	7,598	1,500	1,000
Commodities	-	-	-	-	-	-	-	-	-	-	-	-	-
In-Kind Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	5,337	54,881	2,540	10,000	51,583	1,608	606	4,830	19,602	292,013	7,598	1,500	1,000
Expenses:													
Personnel Costs	53	41,027	2,229	-	-	-	-	207	310	31,343	7,500	-	-
Professional Services	-	1,143	14	-	-	-	-	-	-	-	-	-	-
Office Operating Expenses	-	1,069	121	-	-	-	6	-	-	171,162	-	-	-
Facilities	-	719	62	-	-	-	-	-	-	-	-	-	-
Travel	-	57	82	-	-	-	-	-	-	-	-	-	-
Training	-	31	-	-	-	-	-	-	-	-	-	-	-
Participant and Volunteer Expenses	5,284	10,792	5	-	-	-	-	4,623	4,941	20,372	98	-	-
Subcontractors	-	26	26	-	-	1,608	600	-	-	-	-	-	-
Program Materials	-	-	-	10,000	51,583	-	-	-	15,000	-	-	1,500	1,000
Vehicle Operation	-	5	-	-	-	-	-	-	-	-	-	-	-
Tools and Equipment	-	8	-	-	-	-	-	-	-	-	-	-	-
Other	-	4	1	-	-	-	-	-	-	-	-	-	-
Commodities	-	-	-	-	-	-	-	-	-	-	-	-	-
In-Kind	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	5,337	54,881	2,540	10,000	51,583	1,608	606	4,830	20,251	222,877	7,598	1,500	1,000
Excess of Revenues (Expenses)	-	-	-	-	-	-	-	-	(649)	69,136	-	-	-
Net Assets - January 1, 2022, Restated	-	-	-	-	-	-	-	8,000	60,661	-	-	-	-
Funds Transferred	-	-	-	-	-	-	-	-	649	(69,136)	-	-	-
Change in Net Assets - Subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Assets – Designated	-	-	-	-	-	-	-	8,000	60,661	-	-	-	-
Net Assets – Undesignated	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Net Assets – December 31, 2022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,000	\$ 60,661	\$ -	\$ -	\$ -	\$ -

ADVOCAP, INC.

SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND OTHER FINANCIAL ASSISTANCE - Continued
For the Year Ended December 31, 2022

	DESIGNATED					UNDESIGNATED				
	Other State and Local Funds									
	Other Local Grants (96)	Funds for Fines Revolving Loan Program (97)	Community Investment Program (98)	Housing Revolving Loan Fund (99)	Other State and Local Subtotal	TOTAL DESIGNATED	Sales of Services (100)	Affordable Rental Housing For Low Income People (101)	Corporate Funds (102)	TOTAL UNDESIGNATED
Revenues:										
Government awards	\$ -	\$ -	\$ -	\$ -	2,883,929	\$ 12,283,723	\$ -	\$ -	\$ 64,000	\$ 64,000
Program income	-	-	-	-	61,757	309,665	12,609	402,907	14,480	429,996
Other services	-	-	-	-	-	-	6,000	-	-	6,000
Corporate funds	-	-	-	-	-	-	-	-	122	122
Investment return	-	-	-	-	-	55,581	5,987	-	(4,164)	1,823
Contributions	-	-	-	-	460,490	487,492	-	-	1,148	1,148
Commodities	-	-	-	-	-	624,931	-	-	-	-
In-Kind Revenue	-	-	-	-	13,554	230,047	-	-	-	-
Total Revenues	-	-	-	-	3,419,730	13,991,439	24,596	402,907	75,586	503,089
Expenses:										
Personnel Costs	-	-	-	-	1,653,097	7,669,951	1,910	159,133	522	161,565
Professional Services	-	-	-	-	19,438	93,945	54	3,351	679	4,084
Office Operating Expenses	-	-	-	-	386,649	1,117,356	1,993	34,080	2,406	38,479
Facilities	-	-	-	-	75,653	452,063	8,889	322,698	(180)	331,407
Travel	-	-	-	-	10,751	72,689	142	1,856	1,140	3,138
Training	-	-	-	-	5,862	62,199	-	549	1,099	1,648
Participant and Volunteer Expenses	-	-	-	-	66,535	465,504	1,694	186	(20)	1,860
Subcontractors	-	-	-	-	703,094	1,405,831	1,381	157	-	1,538
Program Materials	-	-	-	-	287,401	1,127,833	-	(1)	8,573	8,572
Vehicle Operation	-	-	-	-	64,446	156,816	-	7,106	-	7,106
Tools and Equipment	-	-	-	-	31,613	69,554	1	1,335	-	1,336
Other	-	-	-	10,000	10,353	26,844	16,006	45	843	16,894
Commodities	-	-	-	-	-	624,931	-	-	-	-
In-Kind	-	-	-	-	13,554	230,047	-	-	-	-
Total Expenses	-	-	-	10,000	3,328,446	13,575,563	32,070	530,495	15,062	577,627
Excess of Revenues (Expenses)	-	-	-	(10,000)	91,284	415,876	(7,474)	(127,588)	60,524	(74,538)
Net Assets - January 1, 2022, Restated	5,300	6,549	192,000	27,545	1,520,388	4,834,070	-	-	1,289,887	1,289,887
Funds Transferred	-	-	-	-	(56,324)	(291,592)	7,474	127,588	156,530	291,592
Change in Net Assets - Subsidiary	-	-	-	-	-	-	-	-	(16)	(16)
Net Assets – Designated	5,300	6,549	192,000	17,545	1,555,348	4,958,354	-	-	-	-
Net Assets – Undesignated	-	-	-	-	-	-	-	-	1,506,925	1,506,925
Total Net Assets – December 31, 2022	\$ 5,300	\$ 6,549	\$ 192,000	\$ 17,545	\$ 1,555,348	\$ 4,958,354	\$ -	\$ -	\$ 1,506,925	\$ 1,506,925

ADVOCAP, INC.
RESERVE SUPPLEMENTAL SCHEDULE
YEAR ENDED DECEMBER 31, 2022

- 1. Total units of service N/A
- 2. Allowable expenses for rate-based service N/A
- 3. Total revenue for rate-based service N/A
- 4. Excess (deficiency) revenue over expenses (line 3 minus line 2) N/A
- 5. Calculation of excess reserves amount due to purchaser:

Purchaser	I.D. #	Revenue from Purchaser	Purchaser's Share of Total Revenue	Purchaser's Share of Excess Revenue (Deficiency)	5% Cap on Excess Revenue	Amount Due to the Purchaser
<u>Winnebago County:</u>						
Congregate Meals/ County Funds - Nutrition	93.045/ 93.044/93.053	\$ 1,046,025	\$ 1,046,025	\$ (235,240)	\$ 52,301	-
PASS Program	County	144,190	144,190	-	7,210	-

ADVOCAP, INC.
SCHEDULE OF NUTRITION AND TRANSPORTATION PROGRAMS FOR THE ELDERLY
CHANGES IN CASH BALANCES - WINNEBAGO COUNTY, WISCONSIN
YEAR ENDED DECEMBER 31, 2022

	<u>Grant</u>	<u>Program Income</u>	<u>USDA</u>	<u>Winnebago County</u>	<u>Total</u>
Cash balance on 1-1-2022					\$ 75,252
Received:					
Federal III-C-1	\$ 177,627	\$ 50,213	\$ 14,260	\$ 10,626	\$ 252,725
560350 III-C1 435-560355	163,963	46,350	13,163	9,808	233,284
ARPA IIIC-1	58,896	16,649	4,728	3,523	83,796
Federal III-C-2	162,260	45,869	13,026	9,706	230,861
560360 III-C2 435-560360	8,540	2,414	686	511	12,150
CARES B	22,093	6,245	1,774	1,322	31,434
FFCRA C2		-	-	-	-
CARES C2	76,134	21,522	6,112	4,554	108,322
ARPA IIIC2	159,718	45,150	12,822	9,554	227,245
Federal III-B	87,419	24,712	7,018	5,229	124,379
ARPA IIIB	<u>152,139</u>	<u>43,008</u>	<u>12,214</u>	<u>9,101</u>	<u>216,462</u>
TOTAL RECEIVED	\$ 1,068,789	\$ 302,131	\$ 85,804	\$ 63,935	\$ 1,520,659
Expenditures:					
Congregate Nutrition	\$ 400,486	\$ 113,211	\$ 32,152	\$ 23,957	\$ 569,806
Home Delivered Nutrition	<u>668,303</u>	<u>188,920</u>	<u>53,652</u>	<u>39,978</u>	<u>950,853</u>
TOTAL EXPENDITURES	\$ 1,068,789	\$ 302,131	\$ 85,804	\$ 63,935	\$ 1,520,659
Cash balance on 12-31-2022					\$ 75,252
Reconciliation to Schedule of Federal Awards:			<u>Total</u>	<u>In-Kind</u>	<u>Cash</u>
Home Delivered & Congregate (Column 49)			\$ 341,526	\$ 14,999	\$ 326,527
Home Delivered & Congregate (Column 50)			828,372	36,381	791,991
Home Delivered & Congregate (Column 51)			111,998	4,919	107,079
Home Delivered & Congregate (Column 63)			214,016	9,399	204,617
Home Delivered & Congregate (Column 64)			11,147	490	10,657
Home Delivered & Congregate (Column 78)			<u>83,453</u>	<u>3,665</u>	<u>79,788</u>
			<u>\$ 1,590,512</u>	<u>\$ 69,853</u>	<u>\$ 1,520,659</u>

ADVOCAP, INC.
SCHEDULE OF EMERGENCY FURNACE ACTIVITY BY CONTRACT
YEAR ENDED DECEMBER 31, 2022

<u>Contract #</u>	<u>Prior Audit Period Cash Received</u>	<u>Current Audit Period Cash Received</u>	<u>True up Received (Paid)</u>	<u>Net Contract to date Cash Received</u>	<u>Contract to Date Expenses</u>
Emergency Furnace 2021-22	\$ 105,239	\$ 201,462	\$ -	\$ 306,701	\$ 306,701
Emergency Furnace 2022-23	\$ -	\$ 65,297	\$ -	\$ 65,297	\$ 71,116

ADVOCAP, INC.
SETTLEMENT OF DHS COST REIMBURSEMENT AWARD
YEAR ENDED DECEMBER 31, 2022

CFDA number	10.568	10.568	435.560390	Unknown
DHS identification number	CARS # 70010	CARS # 70010	CARS # 560390	CARS # 560451
Award amount	\$ 102,856	\$ 35,002	\$ 26,221	\$ 44,334
Award period	10/1/21 - 9/30/22	10/1/22 - 9/30/23	1/1/22 - 12/31/2	1/1/22 - 12/31/2
Period of award within audit period	1/1/22 - 9/30/22	10/1/22 - 12/31/22	1/1/22 - 12/31/2	1/1/22 - 12/31/2

Expenditures reported to DHS for payment	\$ 70,394	\$ 3,150	\$ 26,221	\$ 43,295
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Actual allowable cost of award

Program expenses

Compensation of officers, directors, and key employees	\$ 16,591	\$ 1	\$ 6,038	\$ 26,302
Pension plan contributions	830	-	302	1,315
Other employee benefits	13,035	-	834	156
Accounting	113	37	67	105
Office operations	932	261	205	525
Occupancy	4,539	1,500	291	483
Travel	29	-	-	-
Participant and volunteer	-	-	-	6,000
Subcontractors	26,253	195	-	-
Program materials	5,375	992	-	-
Vehicle operation	-	1	-	-
Tools and equipment	416	-	-	-
Total program expenses	68,113	2,987	7,737	34,886

Management and general expenses allocated to program

Compensation of officers, directors and key employees, allocated based on direct labor hours	967	105	11,591	4,164
Pension plan contributions, allocated based on direct labor hours	48	5	580	208
Other employee benefits, allocated based on direct labor hours	396	44	4,128	1,889
Accounting, allocated based on budgeted revenue	49	1	106	131
Office operations, allocated based on direct labor hours	540	5	985	1,040
Occupancy, allocated based on square footage of space used	241	3	985	859
Travel, allocated based on direct labor hours	6	-	17	18
Conferences and conventions, allocated based on direct labor hours	10	-	29	33
Participant and volunteer, allocated based on direct labor hours	11	-	15	22
Subcontractors, allocated based on direct labor hours	4	-	23	27
Program materials, allocated based on direct labor hours	-	-	-	9
Vehicle operation, allocated based on direct labor hours	1	-	11	9
Tools and equipment, allocated based on direct labor hours	8	-	14	-
Total management and general expenses	2,281	163	18,484	8,409
Total Allowable Costs	\$ 70,394	\$ 3,150	\$ 26,221	\$ 43,295

ADVOCAP, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2022

A. Summary of Auditors' Results

Financial Statements

- | | |
|---|---------------|
| 1. Type of auditors' report issued? | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified not considered to be material weaknesses? | None reported |
| 3. Noncompliance material to the financial statements? | No |

Federal and State Awards

- | | |
|---|---------------|
| 4. Internal control over major programs: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified not considered to be material weakness(es)? | None reported |
| 5. Type of auditors' report issued on compliance for major programs? | Unmodified |
| 6. Any audit findings disclosures that are required to be reported in accordance with the Uniform Guidance? | No |

7. Identification of major federal programs:	<u>ALN No.</u>	<u>Amount</u>
Community Service Block Grant	93.569	\$ 810,058
TEFAP Commodities/Administration	10.568/10.569	698,475
Weatherization	81.042	399,072
Low Income Weatherization	93.568	666,000

Identification of major state programs:

Wisconsin Department of Energy		
Home Energy Assistance Program	505.371	\$ 350,744
Public Benefits - Weatherization	505.371	1,439,870

- | | |
|---|-----------|
| 8. Dollar threshold used to distinguish between Type A and Type B federal programs? | \$750,000 |
| Type A and Type B state programs? | \$250,000 |

- | | |
|---|-----|
| 9. Auditee qualified as low-risk auditee? | Yes |
|---|-----|

- | | |
|---|------|
| B. Financial Statement Findings | None |
| C. Federal and State Award Findings and Questioned Costs | None |
| D. Prior Year Findings | None |

ADVOCAP, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
YEAR ENDED DECEMBER 31, 2022

E. Other Issues

- | | | |
|----|---|-----------------------------|
| 1. | Does the auditor have 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 non-compliance, reportable condition, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the <i>State Single Audit Guidelines</i> : | |
| | Wisconsin Department of Commerce | No |
| | Wisconsin Department of Health Services | No |
| | Wisconsin Department of Children and Families | No |
| | Wisconsin Department of Administration | No |
| | Wisconsin Community Action Program Association | No |
| | Wisconsin Housing and Economic Development Authority | No |
| | Winnebago County | No |
| 3. | Was a Management Letter or other document conveying audit comments issued as a result of this audit? | No |
| 4. | Name and signature of partner | <u>Robert J. Miller CPA</u> |
| 5. | Date of report | <u>April 20, 2023</u> |