



C/o Waukesha County CDBG Program
Lead Agent
515 W. Moreland Blvd.
Waukesha, WI 53188
1.262.896.3370 (direct)
1.262.896.8510 (fax)

C/o Wisconsin Partnership for Housing Development, Inc.
Program Administrator
121 South Pinckney Street Suite 420
Madison, WI 53703
1888.318.4486 (toll-free)
1.608.258.5560 (direct)
1.608.258.5565 (Fax)

The HOME Consortium
Board of Directors Meeting
Thursday, November 6, 2014
515 W. Moreland Blvd. **Rm 355**
Waukesha, WI 53188
@ 9:00 A.M.

AGENDA

1. Call to Order
2. Pledge of Allegiance
3. Approval of the Minutes from the October 16, 2014 Board Meeting
4. Public/Staff Comment – Correspondence
5. WI Partnership Fund Balance Report
6. WPHD 2015 Budget for HOME Administration and Contract Extension
7. Homebuyer Counseling Agency Preferred Provider List Contract Extension
8. Home Inspection Contract Extension
9. 2015 Slate of Officers
10. Hebron House of Hospitality Application for additional funds for Summit Avenue Apartments
11. Approval of Final 2015-2019 Consolidated Plan, 2015--2019 Analysis of Impediments, and 2015 Annual Action Plan
12. Adjournment

All agenda items are potentially actionable

In accordance with the Americans with Disabilities Act, persons requiring any means of handicap accessibility for this meeting must contact Kristin Silva at 896-3370 (FAX 896-8510) at least 48 hours prior to meeting.

Minutes of the
HOME Board Meeting
October 16, 2014

Members Present: Joseph Birbaum, Ron Buchanan, Kathleen Schilling, Maria Watts, Glenn Stumpf, Peter Sorce, John Kannard, Dennis Myers, Duane Paulson, Dick Schultz, Russell Kutz, Jay Schreurs, Mark Hoefert

Staff: Kristin Silva, Lori Rutzinski, and Christina Brockish, Waukesha County; Debbie Narus, Wisconsin Partnership for Housing Development

Excused Absence: Christine Howard, Mark Baldwin

Guests: Kim Haines, Waukesha County Corporation Counsel; RoxAnne Witte and Genevieve Borich, Jefferson County Economic Development Consortium; Dave Porterfield, Movin' Out, Inc.

- I. The meeting was called to order by Ron Buchanan, the Board Chair, with a quorum of the Board present at 9:00 a.m.
- II. The Board Chair led the Pledge of Allegiance.
- III. On a motion by Peter Sorce and seconded by Jay Schreurs, the minutes from September 10, 2014 were unanimously approved.
- IV. There were no public comments. Staff comments: Kristin stated that the drafts for the Consolidated Plan and Analysis of Impediments is available on the County's website. The public comment period is from 9/26/14 – 10/26/14. The next Board meeting will be November 6, 2014 to approve the final draft of the plans.
- V. The Wisconsin Partnership Fund Balance report was reviewed; the remaining balance for the rest of the year is \$102,000 for DPA, \$86,000 for Purchase/Rehab, and \$212,000 for Home Rehab. There were more than fifty applications mailed out for Rehab in 2014.

Kristin reviewed the program income which was included on the second page of the report.

- VI. A discussion was held regarding the Movin' Out Waterloo Apartments' status and their request for additional funds. The Board reconsidered the loan payback terms.

On a motion by Joe and seconded by Dennis Myers, the Board unanimously approved the increased funding to Movin' Out in the amount of \$100,000 resulting in a 30 year loan for a total of \$440,000 (\$340,000 previously approved) with 0% interest for the first 5 years and 2% interest payments per year beginning in the 6th year to be paid from residual cash flows.

- VII. Kristin updated the Board on the housing inspector requirements, The HOME inspector is required by HUD to inspect to local code and when the code does not exist, HUD approves using HQS (Housing Quality Standards).

The HOME Board has established standards for inspections on all rehab work which the inspector currently follows.

Beginning 1/24/15, when there is no local code, the inspector will be required to follow Uniform Physical Conditions Standards (UPCS). Jim Bouffiau will attend a training on this new standard. Questions were raised regarding the number of projects that fail inspections. Debbie Narus provided a worksheet showing the common issues that cause a failed inspection: electrical wires exposed/missing cover plates, smoke detector/carbon monoxide detector not working. Kristin suggested providing lenders and realtors a list of common items so the homeowner can fix these problems prior to the inspection.

A suggestion was made for the inspector to bring batteries and switch plates along to mitigate simple inspection items without having to come back to the home.

- VIII. On a motion by Joe Birbaum and seconded by Duane Paulson, the Board approved the meeting adjourned at 9:54 a.m.

Respectfully submitted,

Ron Buchanan
Chair, HOME Board

SUMMARY OF FUND BALANCES FOR HOME CONSORTIUM

	ESTIMATED TOTAL FUNDS AVAILABLE DURING 2014	October, 2014	2014 Year to Date	FUNDS AVAILABLE 10/29/14	Comments	FUNDS AVAILABLE TO COMMIT
		Reserved Number of Loans	Reserved Number of Loans			
	1	2	3	4		5
Carryover from 2013:						
Downpayment Assistance Program 2013	\$ 78,305.40		12 \$ 78,305.40	\$ -		
Purchase/Rehab Program 2013	\$ 25,000.00		2 \$ 25,000.00	\$ -		
Rehab Program 2013	\$ 25,225.95		2 \$ 25,225.95	\$ -		
Downpayment Assistance Program 2014	\$ 300,000.00	3 \$ 13,404.00	29 \$ 198,203.60	\$ 101,796.40		
Purchase/Rehab Program 2014	\$ 175,000.00	1 \$ 9,200.70	6 \$ 88,996.58	\$ 86,003.42		
Rehab Program 2014	\$ 225,000.00		2 \$ 12,337.45	\$ 212,662.55	2 loans in process	
County Allocations						
Waukesha County	\$ 102,915.00		\$ 102,915.00	\$ -	\$102,915 remaining to be drawn	
CHDO Operating Funds						
CHDO Reserve Funds						
Movin' Out (Globe Apts., Watertown)				\$ -	\$43,500 remaining to be drawn	
Family Promise				\$ -		
Movin' Out (Waterloo)	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ -	\$440,000 remaining to be drawn	
Hebron House				\$ -	\$133,000 remaining to be drawn	
2014 CHDO Reserve allocation	\$ 65,717.75			\$ 65,717.75		
CHDO RESERVE BALANCE	\$ -			\$ -		\$ 65,717.75
Administrative Funds						
Waukesha County Admin 2012	\$ 23,706.44		\$ 23,706.44	\$ -		
Waukesha County Admin 2013	\$ 69,890.20		\$ 69,890.20	\$ -	\$40,610 remaining to be drawn	
Waukesha County Admin 2014	\$ 71,000.00		\$ 71,000.00	\$ -	\$71,000 remaining to be drawn	
WPHD Admin/Technical Assistance 2013	\$ 50,000.00		\$ 50,000.00	\$ -		
WPHD Admin/Technical Assistance 2014	\$ 35,000.00		\$ 35,000.00	\$ -		
UNALLOCATED ADMINISTRATIVE	\$ 53,305.54			\$ 53,305.54		\$ 53,305.54
Other Entitlement Projects						
2014 Unallocated Entitlement	\$ 231,474.98			\$ 231,474.98		\$ 231,474.98
Prior Year UNALLOCATED ENTITLEMENT	\$ 131,762.99			\$ 131,762.99		\$ 131,762.99
CHI - Rehab funds held by Waukesha Co.	\$ 28,581.24			\$ 28,581.24		
TOTAL AVAILABLE	\$ 1,791,885.49			\$ 911,304.87		\$ 482,261.26

NOTES

1. Total funds available during 2014, includes funds carried over from prior years, 2014 estimated allocation and program income received during 2014.
2. These are amounts of funds reserved during the month. For downpayment, these means that the banks have reserved the funds for particular home buyers. For the rehab program, it means that an application has been approved and reserved for particular home owners.
3. These are amounts of funds reserved since the beginning of the year. For downpayment, these means that the banks have reserved the funds for particular home buyers. For the rehab program, it means that applications have been approved and reserved for particular home owners.
4. These are amounts available after deducting funds reserved during the year.
5. These are amounts available to fund new applications for funding such as CHDO and Development Projects.

HOME Consortium

Program Income Received 2013-2014

	2013	2014 as of 10/29/14
Repayments received by project/program:		
ADDI		\$ 2,019.84
DPA	\$ 26,322.40	\$ 27,000.00
Rehab	\$ 176,585.52	\$ 54,571.54
Housing Development		
Historic Prairieville	\$ 8,662.03	\$ 5,330.48
Highlands South	\$ 13,964.37	\$ 13,964.37
85 Oconomowoc	\$ 23,719.00	
TOTAL	\$ 249,253.32	\$ 102,886.23

When Program Income is received it is added to the Unallocated Entitlement funding shown on the Fund Balance Report, until those funds are allocated to projects or programs.

Since the start of the HOME Consortium in 1998, Program Income of \$2,385,012.49 has been received.

HOME CONSORTIUM ADMINISTRATION/WAUKESHA COUNTY CDBG
2014/2015 Budget Comparison

EXPENSES:	Budget 2014	Budget 2015	CHANGE
Program Administration	\$ 45,067.12	\$ 44,417.52	\$ (649.60)
Financial Management	\$ 16,350.00	\$ 15,552.24	\$ (797.76)
HOME DPA Program	\$ 28,229.08	\$ 26,768.72	\$ (1,460.36)
HOME Rehab Program	\$ 23,827.83	\$ 24,386.83	\$ 559.00
HOME Purchase/Rehab Program	\$ 14,151.80	\$ 13,579.30	\$ (572.50)
CDBG Rehab Program	\$ 13,074.00	\$ 13,894.20	\$ 820.20
Waukesha Office Space	\$ 12,667.15	\$ 13,047.16	\$ 380.01
Travel	\$ 1,000.00	\$ 500.00	\$ (500.00)
Credit/Title Reports	\$ 1,492.96	\$ 2,472.96	\$ 980.00
TOTAL EXPENSES	\$ 155,859.94	\$ 154,618.93	\$ (1,241.01)
REVENUE:			1% decrease
CDBG Admin	\$ 10,000.00	\$ 10,000.00	\$ -
HOME DPA Program \$300,000 estimated allocation \$6,900 average HOME cost per loan 44 loans @ \$5,000 each, \$800 HOME loan fee and \$200 lender fee	\$ 44,000.00	\$ 44,000.00	\$ -
HOME Rehab Program \$225,000 estimated allocation \$17,073 average HOME cost per loan 13 loans @ \$15,000 each, HOME loan fee 10% of HOME Loan to Borrower	\$ 19,500.00	\$ 19,500.00	\$ -
HOME Purchase/Rehab Program \$175,000 estimated allocation \$17,973 average HOME cost per loan 10 loans @ \$5,000 each, \$800 HOME loan fee* and \$200 lender fee (DPA loan) 10 loans @ \$10,000 each, HOME loan fee 10% of HOME Loan to Borrower (Rehab loan)	\$ 20,000.00	\$ 20,000.00	\$ -
CDBG Rehab Program \$200,000 allocation \$13,348 average CDBG cost per loan 15 loans @ \$10,000, CDBG Program Delivery Fee 30% of Loan to Borrower	\$ 45,000.00	\$ 45,000.00	\$ -
HOME Administration Contract	\$ 35,000.00	\$ 35,000.00	\$ -
Credit/Title Reports (paid by borrowers)	\$ 1,492.96	\$ 2,472.96	\$ 980.00
TOTAL REVENUE	\$ 174,992.96	\$ 175,972.96	\$ 980.00
NET INCOME* (LOSS)	\$ 19,133.02	\$ 21,354.03	

*Any Net Income would be returned to the HOME Consortium at the end of the program year.

NOTES:

1. Assumed same funding levels for HOME Administration, DPA, Rehab and Purchase/Rehab programs as in 2014
2. Assumed same per loan and admin fees as in 2014
3. Fluctuations in expenses based on current year (2014) anticipated cost

HOME CONSORTIUM APPLICATION

APPLICANT

Applicant's Legal Name: Hebron House of Hospitality, Inc

Address: 111 East Main Street, Waukesha, WI 53186

Is the organization a CHDO? ☒ Yes

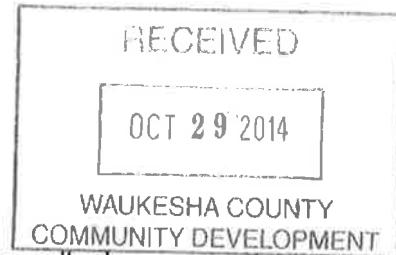
Contact Name: Ms. Bernardine Juno **Title:** Strategic Project Consultant

Telephone: 262-522-1400 **FAX:** 262-549-8730

E-Mail: bjuno@hebronhouse.org

Federal Identification Number: 39-1414365

Date Incorporated: July 1982



PROJECT SCOPE

Project Title: 620 Summit Apartments

Project Address: 620 Summit Avenue, Waukesha, WI 53186

County: Waukesha

Funds Requested: \$29,875

Number of HOME units: 0*

Amount of HOME per unit: n/a

*100% of the proposed 8-units will be affordable to persons with incomes below 30% of the HUD-defined County Median Income (CMI) through a Project Rental Assistance Contract (PRAC) issued and funded by HUD through the Section 811 "Supportive Housing for Persons with Disabilities Program"

Project Type (Check One): ☒ New Construction (Rental)

Population to be served (Check all applicable): ☒ Special Needs

Describe the general scope of the project:

The Project Scope includes the development of eight (8) units of supportive housing for persons with disabilities using a \$1,298,200 Capital Advance awarded to Hebron House of Hospitality, Inc. (the Sponsor of the development) through the HUD Section 811 program. All of the units will be affordable for very-low income persons with disabilities through a PRAC issued and funded by HUD. The development will provide permanent housing with supportive services coordinated by Hebron House.

How does the project fit into the priorities set forth in the 2010-2014 Consolidated Plan?

- Benefitting low- and moderate-income households

- Addressing a lack of affordable permanent rental housing
- Housing that is physically accessible for persons with disabilities
- Providing housing linked specifically with supportive services, including sustained funding for supportive services

Hebron House of Hospitality, Inc. is a CHDO for the HOME Consortium four county area and a state CHDO. The agency's is located in Waukesha County (in the city of Waukesha) and 82% of the clients served by Hebron House are from Waukesha County.

SITING AND DESIGN

Please submit design information with the application, such as a scaled site plan, and building elevation and floor plan drawings to document the design characteristics of the proposed development.

Please see attached site plan, floor plans, and colored building elevation.

Do you have site control? ☒ Yes

Does the project have local zoning approval? ☒ Yes

When will the project get underway? Currently under construction

When will it be completed? Approximately 6-months from start of construction; 03/01/2015

Describe the site in terms of its accessibility to social, recreational, educational, commercial, health facilities and services, and other municipal facilities and services, or any other advantageous aspects of the site:

The proposed Site is located in a residential neighborhood along an accessible public transportation line that allows the residents to easily access community amenities independently. Community amenities that are located within 1-mile of the proposed development site include:

- Downtown Waukesha Commerce
- Health (Waukesha Mental Health Center, Moreland Medical Center)
- Food (George Webb, Subway)
- Recreation (Central Business District, Horeb Spring Park)
- Civic Facilities (Waukesha County Offices)

Describe any adverse conditions this site may face, including any environmental issues, proximity to existing or proposed freeways, flooding issues, or proximity to odors or pollution from industrial issues:

Removal of an existing underground storage tank (UST) will be coordinated by the general contractor according to the standards of the Wisconsin Department of Natural Resources.

Describe some of the design features of the project:

The development includes a total of eight (8) units in two separate single-story buildings, and will include common programming areas in each building that will facilitate supportive services and resident activity programming. The building will be fully accessible for persons with

disabilities and will incorporate basic visit-ability standards to accommodate the disabled residents of the proposed development.

The development has been re-designed four (4) times to respond to comments by the adjacent neighbors, the City of Waukesha Plan Commission, and to address changes in the property line setback requirements communicated by Waukesha City Staff.

Features for the proposed development include (but are not limited to):

- The building is designed to blend well with the characteristics of the existing neighborhood
- Each unit and common areas are designed with an "at grade" entrance for accessible entry
- Each unit includes physical building elements that support persons with physical disabilities, including accessible kitchens, bedrooms, and restrooms
- Construction of the proposed development will incorporate the National Association of Home Builders (NAHB) Model Green Home Building Standard
- Attractive landscaping designed by a licensed landscape architect

PROJECT TARGETING/AFFORDABILITY

Targeting	Number of Households (units)
Elderly	
Supportive Housing	8
Family	
Proposed HOME	
None of These	
Total	8

Income Targeting	Number of Households (units)	Number of Members in Household	Maximum Household Income
<30% of AMI	8	1	\$14,750*
30-50% of AMI			
50-80% of AMI			
>80% of AMI			
Total	8		

*per FY 2013 HUD Income Limits Documentation System for Waukesha County – 1 person household at "Extremely Low (30%) Income Limits"

Describe the affordability period for the proposed affordable units:

The development must remain affordable for a period of 40-years per the requirements of the HUD Section 811 program.

LEVERAGE

Describe the percentage of requested HOME Consortium funds to the project's total funding:

The total development budget with winter conditions budget is \$1,467,630 with a previous HOME grant of \$133,000 - or 9.25% of the original project budget. An additional request per this application of \$29,875 for 11% of the total development budget.

How will the requested funds be returned to the HOME Consortium as program income?

☒ No return of funds

☒ Other, please describe:

The request for funds is to fill a project budget shortfall, and includes the understanding that HUD Capital Advance funds will be used to repay \$297,000 to Waukesha County, advanced for the purchase price of the land.

The gap financing includes uses of funds that are permitted under the applicable HUD regulations 24 CFR 92.205 and 92.206.

STRENGTH OF APPLICANT

Please provide a Capital Budget clearly identifying all sources of funding. You may use the following budget format or supply your own. For rental projects, please provide an operating Performa.

See attached Winter Conditions Project Budget

Additional notes:

- The HUD Capital Advance is a form of "grant", and does not need to be repaid. Customary financing costs (such as the interest rate, debt payments, and financing fees) do not apply to this project. The Capital Advance is both construction and permanent financing for the development.

Please describe below and provide written documentation of commitments from other funding sources and any other partnerships for this project.

Not applicable

EXPERIENCE/CAPACITY

Please provide your most recent audited financial statements.

Attached are the Hebron House of Hospitality, Inc. 2013 Audited Financial Statements.

Please describe the organization's housing development experience:

Hebron House is both a Community Housing Development Organization (CHDO) for the State of Wisconsin, and the HOME Consortium in Waukesha County, Washington County, Jefferson

County and Ozaukee County. Hebron House is currently the only CHDO exclusively active in Waukesha County.

Hebron House owns two 4-unit apartment buildings through the State Balance of Continuum of Care HUD Supportive Housing Program for persons who have co-occurring disorders (Gander Housing), and includes housing for both single individuals and families. Hebron House of Hospitality also owns a four-unit apartment building for very-low income households purchased through a HOME grant (Hillside Housing). Hebron House actively manages these housing developments and facilitates case management and supportive services to residents in need.

In addition to these developments that Hebron House owns and manages on its own, Hebron House is the CHDO partner in other Housing Developments. As the CHDO, Hebron House maintains the responsibility for ensuring that the units supported by CHDO dollars (administered through the Wisconsin HOME Rental Housing Development program) are rented to low and very-low income residents, and that the residents occupying these units are provided with the same access to community amenities as the market-rate apartments in the developments.

Housing developments in which Hebron House is the CHDO partner include:

- Gables of Germantown a 178-unit combination independent housing development and Residential Care Apartment Complex (RCAC) for seniors in Germantown, Wisconsin through a State of Wisconsin HOME grant
- Casa del Mare, a 69-unit combination RCAC and Memory Care development for seniors in need of assistance with activities of daily living in Kenosha, Wisconsin which was newly completed in March 2012.
- St. Catherine Commons, a 184-unit independent housing development for seniors in Kenosha, Wisconsin through a State of Wisconsin HOME grant
- Hebron House has assumed the CHDO responsibilities for projects previously administered through a REAL, Inc., which dissolved as a non-profit CHDO. These properties include: Killarney Kourt in Sturtevant, Wisconsin (79-units of independent senior housing) Carnegie Place in West Allis, WI (14-units of independent senior housing).

Hebron House recently operated a night-time Overflow Shelter for the winter season, as it has for the past 7 winters. Hebron House was able to negotiate to temporarily lease space inside the Northview School which provided needed space for shelter for homeless individuals through the winter months.

Along with the night-time Overflow Shelter, Hebron House is working with the collaboration of area nonprofits to operate a Daytime Drop-In site for the winter months at Hope Center of Waukesha County site. Individuals at the Daytime Drop-In site meet with the Hebron House of Hospitality Outreach coordinator, apply for Social Security Benefits and Badger Care, pursue housing opportunities, complete on-line employment applications, receive transportation assistance through bus tickets, set up medical and mental health appointments and receive breakfast, lunch and dinner. Workforce Development also provides classes on writing resumes and going on job interviews.

Please list relevant staff experience/qualifications and provide resumes:

See attached resumes for Bernardine Juno and Erika Trawitzki.

The Executive Director of Hebron House of Hospitality, Bernardine Juno, is one of the founders of the agency and has 30-years of experience working with the issues of housing and homelessness.

The Director of Programs for Hebron House of Hospitality, Erika Trawitzki, has extensive experience in the supervision of and provision of services for people with homelessness, mental health and AODA issues.

Other organizational experience includes: Developed programming, policies and procedures, as well as proposals to fund programming; Extensive community involvement, quality assurance, and HR development.

Please describe any partnerships for this project:

Partner agencies include:

- Department of Health and Human Services- will assist with residents who qualify through the Aging and Disability Resource Center of Waukesha County with links to services coordinated with the Hebron House of Hospitality Case Manager.
- ProHealth Care through the Community Clinic services for residents and through the Outreach Nurse Program in the community as needed.
- Association for the Rights of Citizens with Handicaps will provide referrals and service assistance as needed.
- Adaptive Community Approach Program will provide referrals and access to support services.
- The Women's Center will provide referrals and support services to any resident who experienced any form of domestic violence.
- Waukesha County Housing Action Coalition will provide referrals from member agencies and support services through referrals.
- Addiction Resource Council will provide ongoing support services to residents with alcohol and other drug abuse issues.
- Richard's Place will provide referrals and support services to any resident with AIDS.
- Waukesha Housing Authority will provide assistance with vouchers to any resident who qualifies when or if they choose to move.
- National Alliance on Mental Illness will provide referrals and ongoing support services to persons with mental health issues or veterans with mental health issues.
- The Mental Health Association will provide referrals and information for residents seeking other support services.

Will the project create any challenges for the organization? If so, how will these be overcome?

This project has been met with challenges, including:

- *Obtaining the appropriate financing and sustained operational support to construct and manage the development.*
HUD provided the financing for the project through Section 811, which includes a Capital Advance to construct the building, and a PRAC which provides ongoing operational support through rental assistance and support services funding for the low-income residents.
- *Neighborhood and political resistance*

Through consultation with the neighbors in open neighborhood meetings, partnerships with other local organizations invested in the success of the project, and meetings with public officials (including the local alderperson, Mayor, and City Planning Staff), Hebron House has managed the resistance and advanced the project.

- *Difficulty obtaining plan approval entitlements*
The development has been re-designed four (4) times to respond to comments by the adjacent neighbors, the City of Waukesha Plan Commission, and to address changes in the property line setback requirements communicated by Waukesha City Staff. A zoning variance is required for the proposed plans, which will be reviewed by the Board of Zoning Appeals on February 4, 2013, and the Waukesha Plan Commission will review the project at its February 13, 2013 meeting.

RESIDENTIAL RENTAL AND OWNERSHIP PROJECTS

Briefly describe the following:

Activities to bring the project to housing and code standards:

Not applicable – new construction

Improvements (and numbers of units) to make the housing accessible:

Not applicable – new construction. The housing will be accessible for persons with physical disabilities.

Ways to assure the long term affordability of the project:

HUD provided the financing for the project through Section 811, which includes a Capital Advance to construct the building, and a PRAC which provides ongoing operational support through rental assistance and support services funding for the low-income residents. Residents pay 30% of their income toward their rent and expenses.

RESIDENTIAL RENTAL PROJECTS

Provide the following information about specific units in a rental project:

100% of the total eight (8) units will be affordable for disabled persons with incomes below 30% of the HUD-defined CMI.

- The monthly rental rate for each resident is equal to 30% of their monthly income. (For example, a qualified resident would have a maximum monthly income of approximately \$1,230. The resident's portion of the rent would be \$369, and the remaining operating cost is provided to the owner of the development through the PRAC.)
- Utilities are included in the resident's portion of the rent, unless a utility allowance is provided.

Describe briefly your tenant selection criteria and process.

Residents of the prospective development will be selected in accordance with guidelines outlined in the Section 811 Supportive Housing for Persons with Disabilities Program. The

Hebron House of Hospitality, Inc. (Hebron House) is proposing to target the development to adults who have a primary diagnosis of severe and persistent mental disability (CMI) and/or dual diagnosis of addiction and mental disability.

The U.S. Department of Housing and Urban Development (HUD) eligibility definitions will be the criteria for occupancy and participation. "Disability" is further defined by HUD as follows:

- The disability is indefinite in duration
- The disability substantially limits the person's ability to live independently, and
- The person will benefit by more suitable housing than is currently available.

Individuals impacted with CMI face enormous challenges getting the housing and care they need to ameliorate the effects of their disability. Following the movement of patients from state mental hospitals to community settings, the problems faced by people with chronic mental illness became more visible and more apparent to the communities in which they live.

Include how and from whom/where persons will be referred and admitted for occupancy in the project.

Anticipated primary sources of prospective residents are people identified by partner agencies in the market area. Please note however, that no applicant will be denied services based upon a disability not specifically identified or listed.

Partner agencies include:

- Department of Health and Human Services
- Aging and Disability Resource Center of Waukesha County
- ProHealth Care
- Association for the Rights of Citizens with Handicaps
- Adaptive Community Approach Program
- The Women's Center
- Waukesha County Housing Action Coalition
- Addiction Resource Council
- Richard's Place
- Waukesha Housing Authority
- National Alliance on Mental Illness
- The Mental Health Association

In addition, some of the residents are anticipated to have experienced, or may be experiencing, homelessness, and come from one of the providers in the emergency shelter system in Waukesha County.

Does the project include plans to provide supportive services to residents or links to appropriate services? If yes, please describe.

All of the services provided at the development will be coordinated through the Case Management services of Hebron House of Hospitality and the partner agencies.

Residents of this development are anticipated to need services and assistance in the following general areas:

- Life skills training and assistance with daily living skills
- Money management
- Obtaining and maintaining benefits

- Assistance in maintaining or developing social relationships with family, friends, and other informal support in the community
- Crisis intervention services
- Assistance with daily living skills that include symptom management, and skills to become independent consumers of mental health services
- Medication monitoring
- Assistance in procuring other independent community living situations as the resident gains community living skills
- Assistance in choosing and accessing community services such as medical and dental care, legal assistance, and mental health services
- Assistance in acquiring clothing and furnishings

ADDITIONAL QUESTIONS FOR ALL PROJECTS

What percent of the housing units in your project are family (not elderly) rental units affordable to families making less than 50% of the area median income?

0% are targeted to families. The target population is persons with disabilities.

Are any of the units in your project public housing replacement units through an agreement with the local Housing Authority?

No. However, the Waukesha Housing Authority may provide referrals to the development.

Is your project a mixed use development (example: housing and commercial)?

The project is not a mixed-use development.

Will your project incorporate the Star Home Program requirements or another documented energy savings program that provides guaranteed EPA Energy Star Certification of the finished housing units?

Yes. The project will receive a Bronze Green Building Certification through the NAHB Green Building program.

What percent of the proposed units are designed to be fully handicap accessible as defined in Federal and State guidelines?

All the units are designed to be accessible for persons with disabilities.

Every dollar of HOME funds used must be matched with at least 25 cents from nonfederal sources, which may include donated materials or labor, the value of donated property, proceeds from bond financing, and other resources. Please describe how your project will meet the minimum 25% federal match requirement:

According to 24 CFR 92.220, the direct cost of supportive services provided to families residing in HOME-assisted units during the period of affordability (including case-management, mental health services, substance abuse treatment and counseling, and job training and counseling) may be included as a HOME-eligible match.

The total HOME request is for \$133,000 x 25% = \$33,250. Over the time of the 40 years of the project, with a minimum of eight hours a week of Case Management services, the value of match from United Way in Waukesha County and general agency donations for that service would exceed \$249,600.

CHDO OPERATING

Hebron House is not requesting CHDO operating support in this application for funds.

Separate Signature Page Attached

NOTE: The following is only available to Community Housing Development Organizations (CHDOs)

CHDO OPERATING NA See attached Winter Construction Budget Request

On the table below, break down the administrative/operational expenses you will incur in the course of initiating, operating, managing and monitoring proposed activities. For each item marked with an asterisk provide more detail on additional pages.

CATEGORY	HOME	OTHER SOURCES	TOTAL
Personnel			
Travel			
Equipment*			
Office Rent			
Utilities			
Supplies			
Training			
Audit (required)			
Contractual*			
Other*			
TOTALS			

AUTHORIZATION On behalf of Hebron House of Hospitality, Inc. (Applicant), I submit this application for funding to the **HOME Consortium**. To the best of my knowledge all information contained herein is accurate and complete as stated.



President of the Board

Signature

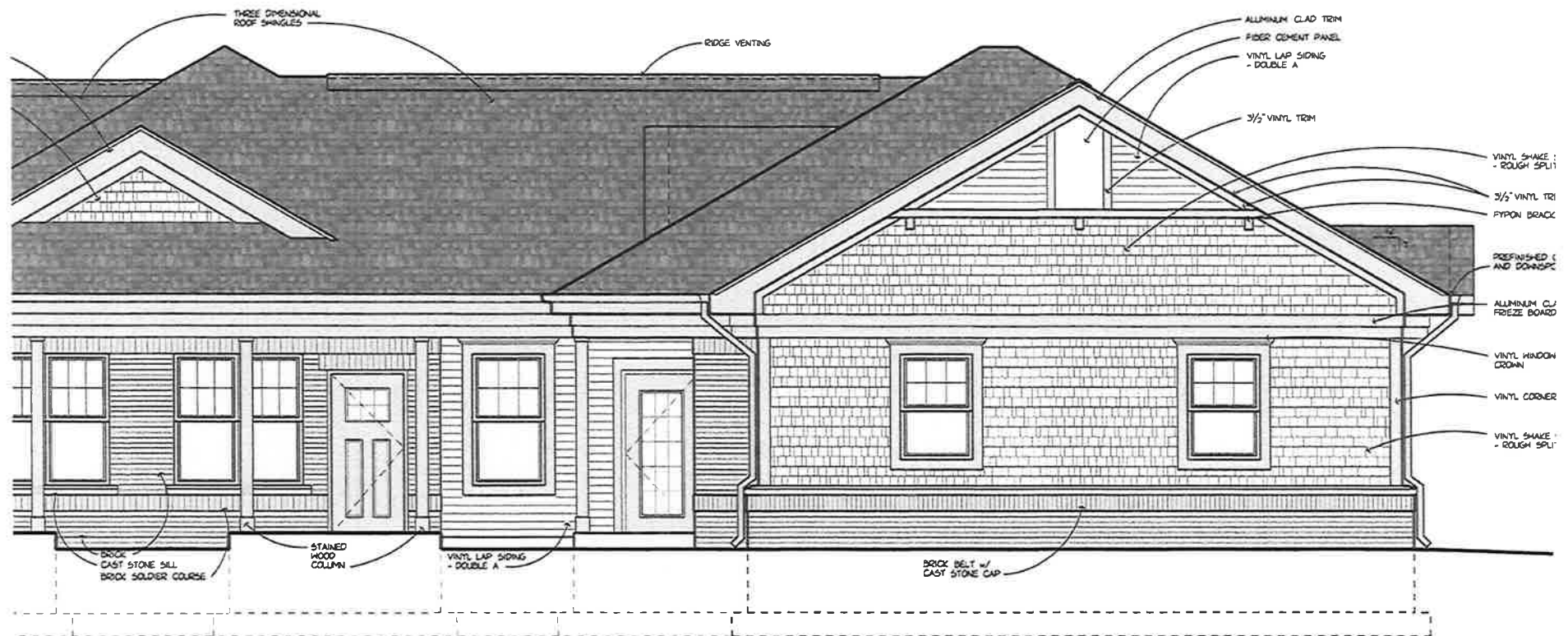
Title

Fr. David Simmons

10/28/2014

Print Name

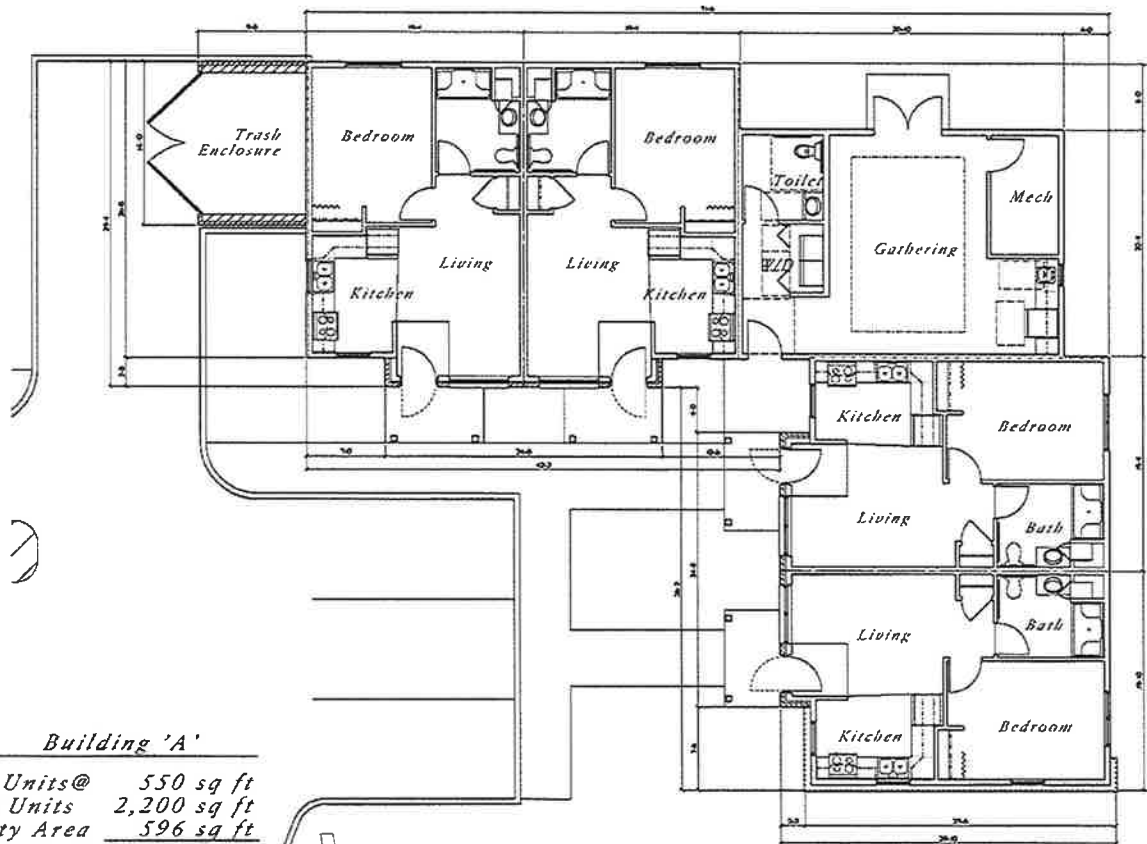
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17 JAN 21

Hebron House Waukesha, WI





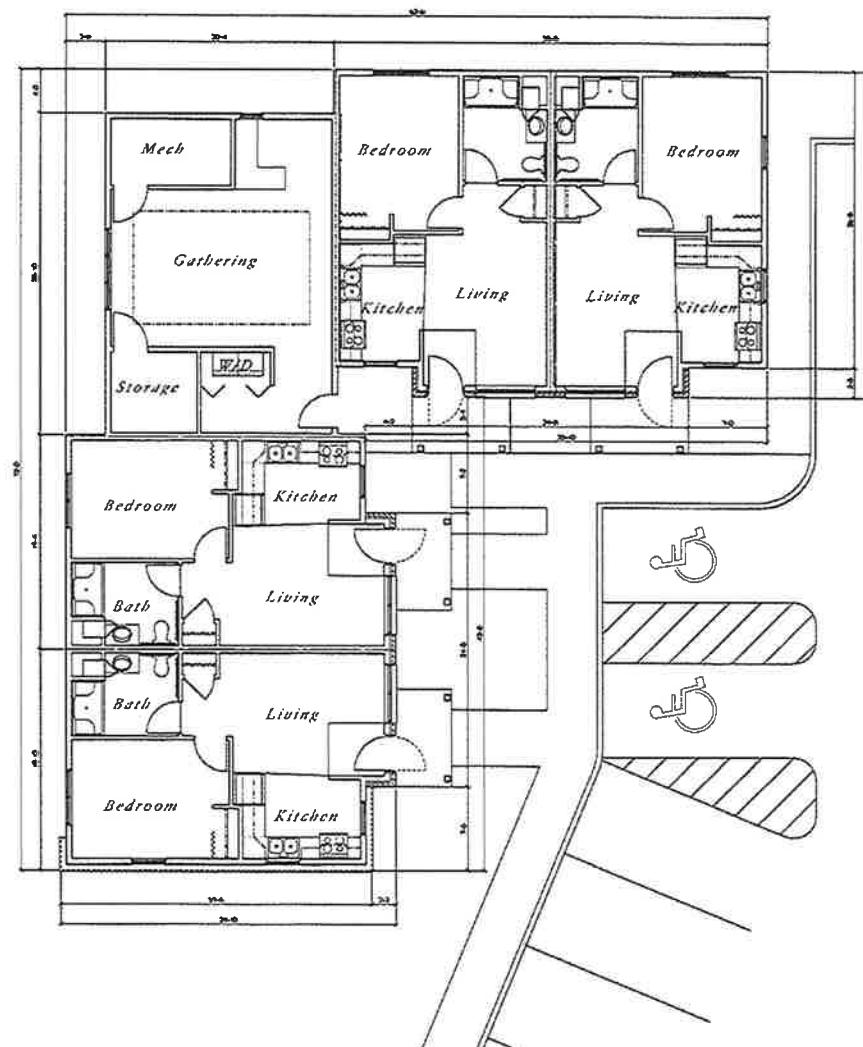
Building 'A'

(4) Resident Units@	550 sq ft
Total Units	2,200 sq ft
Community Area	596 sq ft
Total per Building	2,796 sq ft
Total	5,592 sq ft

Hebron House
Waukesha, WI

20 MARCH 2013





Building 'B'

(4) Resident Units@	550 sq ft
Total Units	2,200 sq ft
Community Area	596 sq ft
Total per Building	2,796 sq ft
Total	5,592 sq ft

26 MARCH 2013

Hebron House
Waukesha, WI



Quote #:

Date:

Job Number:

14-200

Date:

10/04/14

Customer:

Hebron House

Project Description:

Winter Conditions Budget

Grand Total: \$43,261

(Labor Rates Expire 05/31/14)

DESCRIPTION	HOURS			WAGE RATE			ST	OT	DT	TOTAL
	ST	OT	DT	ST	OT	DT	AMOUNT	AMOUNT	AMOUNT	AMOUNT
WORK:										
Superintendent				\$84.14	\$110.53	\$136.92	-	-	-	-
Engineering				\$75.00			-	-	-	-
Laborer	442.0			\$21.00			9,282.00	-	-	9,282.00
Sub Total	442.0	0.0	0.0				\$9,282	\$0	\$0	\$9,282
Contingency									0.0%	\$0
Total	442.0									\$9,282

Materials	Qty	Unit	Rate	Amount
Secure Heaters/Locks/Chain	1	LS	\$289	289
Heaters	34	EA	\$21	714
Salt	1	LS	\$100	100
				-
				-
Subtotal				\$1,103
Markup + Tax			13.0%	\$143
Total				\$1,246

Equipment	Qty	Unit	Rate	Amount
Bobcat	14	Days	\$180	2,520
				-
				-
				-
Rates Sheet Price				
Subtotal				\$2,520
Markup			13.0%	\$328
Total				\$2,848

Subcontractors	Amount
WE Energies	26,438
Subtotal	26,438
Markup	13.0%
Total	\$3,437
	\$29,875

HEBRON HOUSE OF HOSPITALITY, INC.

FINANCIAL STATEMENTS

**YEARS ENDED
DECEMBER 31, 2013 AND 2012**

Hebron House of Hospitality, Inc.
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Years Ended December 31, 2013 and 2012

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**WALKOWICZ,
BOCHKIEWICZ & CO., S.C.**

CERTIFIED PUBLIC ACCOUNTANTS

**1800 East Main Street, Suite 100
Waukesha, Wisconsin 53186-3902**

**EDWARD J. WALKOWICZ, CPA
VALORIE A. BOCHKIEWICZ, CPA**

**ROXANN V. COWAN, CPA
SHANNON M. ROSZAK, CPA
MICHELLE A. SCHKERYANTZ, CPA**

**WILL A. SILVERS, CPA
WENDY L. HANSON
JEFFERY J. OTTO**

INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of
Hebron House of Hospitality, Inc.**

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Hebron House of Hospitality, Inc. (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2013 and December 31, 2012, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Hebron House of Hospitality, Inc. as of December 31, 2013 and 2012, 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.

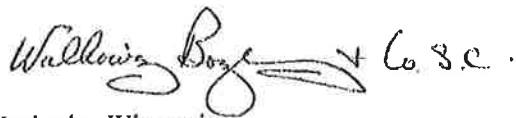
Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and statements of activities on pages 21 to 26 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal and state awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the *State Single Audit Guidelines* and the *Department of Health Services Audit Guide*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2014, on our consideration of Hebron House of Hospitality, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hebron House of Hospitality, Inc.'s internal control over financial reporting and compliance.

Handwritten signature of Wallace Boye in cursive script, followed by the initials "W. B. O." in a simple, blocky font.

Waukesha, Wisconsin
June 12, 2014

Hebron House of Hospitality, Inc.
Consolidated Statements of Financial Position
December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Assets		
Cash	\$ 188	\$ 22,057
Cash - security deposits	6,490	7,748
Cash - Rep Payee program	54,014	75,003
Cash designated - Permanent Housing	1,001	9,444
Accounts receivable	1,045	1,613
Contributions receivable	39,655	29,567
Grants receivable	80,363	37,994
Loans receivable	5,715	5,715
Employee advances	-	40
Unconditional promises to give	148,133	154,420
Gift certificates	212	1,015
Prepaid expenses	6,971	6,748
Property and equipment, net	1,642,990	1,674,353
Deposits	1,500	1,500
Investments	11,053	-
Construction in progress	97,034	66,824
Organization costs	5,509	5,927
Beneficial interest in net assets of Foundation	3,105	3,101
Total Assets	<u><u>\$ 2,104,978</u></u>	<u><u>\$ 2,103,069</u></u>
Liabilities		
Accounts payable	\$ 197,359	\$ 165,168
Accrued payroll and taxes	41,359	43,760
Payroll withholding	-	1,589
Prepaid rent	335	-
Security deposits	6,462	7,743
Liability - Rep Payee program	54,005	74,947
Deferred revenues	368,992	418,169
Lines of credit	111,842	93,000
Note payable - Town Bank	86,964	94,234
Loans payable - CDBG	782,207	782,207
Loan payable	30,000	-
Total Liabilities	1,679,525	1,680,817
Net Assets		
Unrestricted	255,850	212,351
Undesignated	1,001	9,444
Board designated	168,602	200,457
Temporarily restricted	-	-
Total Net Assets	<u><u>425,453</u></u>	<u><u>422,252</u></u>
Total Liabilities and Net Assets	<u><u>\$ 2,104,978</u></u>	<u><u>\$ 2,103,069</u></u>

See notes to consolidated financial statements.

Hebron House of Hospitality, Inc.
Consolidated Statement of Activities
Year Ended December 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenues			
Public Support			
Individuals	\$ 326,791	\$ 5,679	\$ 332,470
Foundations	82,738	-	82,738
Businesses and corporations	72,662	5,790	78,452
Service clubs and organizations	18,149	400	18,549
Special events	90,040	-	90,040
Religious	72,535	8,600	81,135
Donated good and services	16,655	-	16,655
United Way	148,702	148,133	296,835
	<u>828,272</u>	<u>168,602</u>	<u>996,874</u>
Total Public Support			
Grants and Contracts	116,128	-	116,128
Waukesha County Housing Action Coalition COC - ETH	46,164	-	46,164
NAMI Waukesha - PATH	26,992	-	26,992
State of WI - Shelter Subsidy	13,876	-	13,876
FEMA Grant - Emergency Food and Shelter Program	91,000	-	91,000
Waukesha County	10,199	-	10,199
Waukesha County HHS	111,108	-	111,108
HUD - Jeremy House	38,150	-	38,150
State of WI - Supportive Housing Program	13,948	-	13,948
Other miscellaneous grants	<u>467,565</u>	<u>-</u>	<u>467,565</u>
Total Grants and Contracts			
Program Revenue	20,483	-	20,483
Management fees	59,589	-	59,589
Rental income	<u>80,072</u>	<u>-</u>	<u>80,072</u>
Total Program Revenue			

See notes to consolidated financial statements.

Hebron House of Hospitality, Inc.
Consolidated Statement of Activities
Year Ended December 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Other Revenue (Loss)			
Interest	89	-	89
Miscellaneous	15,985	-	15,985
Investment income, net of expenses	(21)	-	(21)
	<u>16,053</u>	<u>-</u>	<u>16,053</u>
Total Other Revenue			
	<u>200,457</u>	<u>(200,457)</u>	<u>-</u>
Net Assets Released from Restrictions			
	<u>1,592,419</u>	<u>(31,855)</u>	<u>1,560,564</u>
Total Support and Revenues			
	<u>1,557,367</u>	<u>-</u>	<u>1,557,367</u>
Expenses			
Program Services			
Jeremy House	192,675	-	192,675
Shelter	418,437	-	418,437
Drop-In Shelter	67,171	-	67,171
Long term case management	118,060	-	118,060
Grants	182,652	-	182,652
Permanent housing	188,926	-	188,926
PATH	56,154	-	56,154
Management and general	208,584	-	208,584
Fundraising	124,708	-	124,708
	<u>1,557,367</u>	<u>-</u>	<u>1,557,367</u>
Total Expenses			
	<u>35,052</u>	<u>(31,855)</u>	<u>3,197</u>
Change in Net Assets before Beneficial Interest			
	<u>4</u>	<u>-</u>	<u>4</u>
Change in Interest in Net Assets of Foundation			
	<u>35,056</u>	<u>(31,855)</u>	<u>3,201</u>
Change in Net Assets			
Net Assets at Beginning of Year	<u>\$ 221,795</u>	<u>\$ 200,457</u>	<u>422,252</u>
Net Assets at End of Year	<u>\$ 256,851</u>	<u>\$ 168,602</u>	<u>\$ 425,453</u>

See notes to consolidated financial statements.

Hebron House of Hospitality, Inc.
Consolidated Statement of Activities
Year Ended December 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenues			
Public Support	\$ 293,762	\$ 20,892	\$ 314,654
Individuals	51,165	-	51,165
Foundations	59,827	8,721	68,548
Businesses and corporations	13,449	-	13,449
Service clubs and organizations	32,497	-	32,497
Special events	82,261	16,424	98,685
Religious	154,615	-	154,615
Donated good and services	308,894	154,420	463,314
United Way			
Total Public Support	996,470	200,457	1,196,927
Grants and Contracts	138,446	-	138,446
State of WI - Emergency Shelter/Transitional Housing/Homeless Prevention	26,249	-	26,249
Waukesha County Housing Action Coalition COC - ETH	44,713	-	44,713
NAMI Waukesha - PATH	27,987	-	27,987
State of WI - Shelter Subsidy	2,274	-	2,274
Friends of Abused Families - Emergency Shelter/Transitional Housing/Homeless Prevention	30,293	-	30,293
NAMI Waukesha - SOAR	4,697	-	4,697
State of WI - HOME Rental Housing Development Program	9,360	-	9,360
FEMA Grant - Emergency Food and Shelter Program	77,000	-	77,000
Waukesha County	30,199	-	30,199
Waukesha County HHS	129,723	-	129,723
HUD - Jeremy House	64,062	-	64,062
HUD - Washington County	15,896	-	15,896
State of WI - Supportive Housing Program	12,017	-	12,017
Other miscellaneous grants			
Total Grants and Contracts	612,916	-	612,916
Program Revenue	27,255	-	27,255
Management fees	81,913	-	81,913
Rental income			
Total Program Revenue	109,168	-	109,168

See notes to consolidated financial statements.

Hebron House of Hospitality, Inc.
Consolidated Statement of Activities
Year Ended December 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Other Revenue (Loss)			
Interest	139	-	139
Miscellaneous	5,797	-	5,797
CDBG forgiveness of debt	180,000	-	180,000
Loss on disposal of assets	(928)	-	(928)
	<u>185,008</u>	<u>-</u>	<u>185,008</u>
Total Other Revenue			
	<u>22,835</u>	<u>(22,835)</u>	<u>-</u>
Net Assets Released from Restrictions			
	<u>1,926,397</u>	<u>177,622</u>	<u>2,104,019</u>
Total Support and Revenues			
Expenses			
Program Services	187,887	-	187,887
Jeremy House	420,004	-	420,004
Shelter	59,680	-	59,680
Drop-In Shelter	30,759	-	30,759
Housing assistance	220,361	-	220,361
Long term case management	180,830	-	180,830
Grants	178,000	-	178,000
Permanent housing	41,562	-	41,562
Collaborative agencies	4,697	-	4,697
CHDO	37,455	-	37,455
SOAR	53,206	-	53,206
PATH	51,529	-	51,529
Washington County	296,453	-	296,453
Management and general	170,344	-	170,344
Fundraising			
	<u>1,932,767</u>	<u>-</u>	<u>1,932,767</u>
Total Expenses			
	<u>(6,370)</u>	<u>177,622</u>	<u>171,252</u>
Change in Net Assets before Beneficial Interest			
	<u>3,101</u>	<u>-</u>	<u>3,101</u>
Change in Interest in Net Assets of Foundation			
	<u>(3,269)</u>	<u>177,622</u>	<u>174,353</u>
Change in Net Assets			
	<u>\$ 225,064</u>	<u>\$ 22,835</u>	<u>247,899</u>
Net Assets at Beginning of Year			
	<u>\$ 221,795</u>	<u>\$ 200,457</u>	<u>\$ 422,252</u>
Net Assets at End of Year			

See notes to consolidated financial statements.

Hebron House of Hospitality, Inc.
Consolidated Statement of Functional Expenses
Year Ended December 31, 2013

	Program Services								Supporting Services			
	Long-Term							Management and General	Fund- raising	Total	Total 12/31/13	
	Jeremy House	Shelter	Drop-In Shelter	Case Management	Grants	Permanant Housing	PATH					Total
Advertising	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,537	\$ 1,537	\$ 1,537
Conferences and meetings	169	10	-	300	964	-	-	1,443	500	-	500	1,943
Depreciation and amortization	5,449	16,664	-	738	698	39,336	575	63,460	867	560	1,427	64,887
Employee benefits	7,993	16,551	31	20,550	1,989	11,844	309	59,267	41,332	2,257	43,589	102,856
Equipment rental	1,255	4,761	-	857	646	1,845	429	9,793	1,758	710	2,468	12,261
Food and housing supplies	3,480	4,872	466	-	-	60	-	8,878	-	-	-	8,878
Insurance - general	4,122	8,609	230	2,662	2,119	1,463	1,596	20,801	6,334	2,036	8,370	29,171
Interest	33	39	-	-	-	-	-	72	15,717	-	15,717	15,789
Meals	-	-	-	-	-	-	-	-	1,402	-	1,402	1,402
Membership and subscriptions	150	454	-	-	50	-	-	654	1,251	330	1,581	2,235
Miscellaneous	-	435	-	5	33	32	-	505	9,948	98	10,046	10,551
Office	887	1,570	-	508	1,182	416	261	4,824	2,467	418	2,885	7,709
Payroll taxes	13,872	29,145	4,311	8,056	6,813	7,068	4,725	73,990	11,207	7,346	18,553	92,543
Postage and shipping	600	1,298	-	417	298	297	182	3,092	490	3,490	3,980	7,072
Printing and publications	814	2,043	-	589	421	394	277	4,538	919	14,816	15,735	20,273
Professional fees	3,840	10,369	-	2,865	2,015	4,471	1,204	24,764	6,923	2,362	9,285	34,049
Real estate taxes	-	-	-	-	-	3,943	-	3,943	-	-	-	3,943
Rent	-	-	7,500	-	-	-	-	7,500	-	-	-	7,500
Repairs and maintenance	6,542	19,335	6,374	-	-	25,755	4	58,010	115	-	115	58,125
Salaries	122,719	258,774	35,096	67,858	59,083	60,334	42,757	646,621	97,930	62,882	160,812	807,433
Special events	-	-	-	-	-	-	-	-	-	20,960	20,960	20,960
Specific assistance	1,850	6,236	10,379	5,789	101,022	-	575	125,851	-	-	-	125,851
Telephone	7,111	14,690	119	4,813	3,274	3,182	2,652	35,841	7,700	3,907	11,607	47,448
Travel	1,313	201	-	847	1,136	339	-	3,836	171	-	171	4,007
Utilities	10,476	22,381	2,665	1,206	909	28,147	608	66,392	1,553	999	2,552	68,944
Total Expenses	\$ 192,675	\$ 418,437	\$ 67,171	\$ 118,060	\$ 182,652	\$ 188,926	\$ 56,154	\$ 1,224,075	\$ 208,584	\$ 124,708	\$ 333,292	\$ 1,557,367

See notes to consolidated financial statements.

Hebron House of Hospitality, Inc.
Consolidated Statement of Functional Expenses
Year Ended December 31, 2012

	Program Services												Supporting Services						
					Long-Term								Washington		Management		Fund-		Total
	Jeremy House	Shelter	Drop-In Shelter	Housing Assistance	Case Management	Grants	Permanent Housing	Collaborative Agencies	CHDO	SOAR	PATH	County	Total	and General	raising	Total			
																			12/31/12
Conferences and meetings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40	\$ 1,633	\$ 90	\$ 1,723	\$ 1,763		
Contracted services	-	-	-	-	-	-	-	41,562	-	-	-	40,224	81,786	638	-	638	82,424		
Depreciation and amortization	4,801	15,360	198	102	730	599	40,056	-	-	124	176	171	62,317	997	564	1,561	63,878		
Employee benefits	498	10,118	-	80	41,446	29	6,027	-	-	-	164	-	58,362	37,231	3,365	40,596	98,958		
Equipment rental	964	4,241	-	148	688	378	1,217	-	-	296	446	-	8,578	1,846	492	2,338	10,716		
Food and housing supplies	3,662	8,505	1,663	-	-	-	534	-	-	-	-	-	14,364	-	-	-	14,364		
Insurance - general	4,043	8,335	82	513	1,694	2,188	951	-	-	1,086	1,291	-	20,183	6,567	1,521	8,088	28,271		
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	10,810	-	10,810	10,810		
Membership dues	264	328	64	5	197	64	-	-	-	-	64	-	986	839	-	839	1,825		
Miscellaneous	-	-	-	-	172	1,220	2	-	-	172	172	-	1,738	8,997	120	9,117	10,855		
Office	1,133	2,466	320	173	1,137	799	528	-	-	432	688	343	8,019	9,676	1,311	10,987	19,006		
Payroll taxes	9,920	21,315	2,839	2,512	5,614	4,976	5,297	-	564	2,525	3,682	73	59,317	13,995	5,482	19,477	78,794		
Postage and shipping	576	1,211	-	49	385	288	279	-	-	168	254	-	3,210	740	12,842	13,582	16,792		
Printing and publications	560	1,431	-	57	277	202	201	-	-	135	324	97	3,284	2,320	61,314	63,634	66,918		
Professional fees	4,712	10,245	-	880	3,168	3,441	2,531	-	-	451	2,374	-	27,802	29,018	3,547	32,565	60,367		
Real estate taxes	-	-	-	-	-	-	4,243	-	-	-	-	-	4,243	-	-	-	4,243		
Rent	2,270	3,530	3,500	-	2,785	1,665	-	-	-	985	983	560	16,078	2,422	-	2,422	18,500		
Repairs and maintenance	5,894	19,370	4,967	-	696	-	22,634	-	-	-	-	-	53,561	458	-	458	54,019		
Salaries	113,255	243,188	33,724	23,912	63,418	55,943	65,399	-	4,133	29,168	39,395	837	672,372	158,534	61,461	219,995	892,367		
Special events	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,565	14,565	14,565		
Specific assistance	21,856	43,940	9,384	866	92,711	106,584	-	-	-	-	-	9,224	284,565	50	-	50	284,615		
Telephone	4,204	8,941	-	658	3,785	1,658	2,452	-	-	1,489	1,967	-	25,154	7,508	2,887	10,395	35,549		
Travel	95	565	22	33	585	289	444	-	-	68	643	-	2,744	521	169	690	3,434		
Utilities	9,180	17,115	2,917	771	873	467	25,205	-	-	356	583	-	57,467	1,653	614	2,267	59,734		
Total Expenses	\$187,887	\$420,004	\$ 59,680	\$ 30,759	\$ 230,361	\$180,830	\$178,000	\$ 41,562	\$ 4,697	\$ 37,455	\$ 53,206	\$ 51,529	\$1,465,970	\$ 296,453	\$ 170,344	\$466,797	\$ 1,932,767		

See notes to consolidated financial statements.

Hebron House of Hospitality, Inc.
Consolidated Statements of Cash Flows
Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 3,201	\$ 174,353
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	64,887	63,878
Loss on disposal of assets	-	928
Donated property	(16,655)	(3,000)
Investment income, net of expenses	21	(3,101)
Change in interest in net assets of Foundation	(4)	(180,000)
Changes in operating assets and liabilities:		
Accounts receivable	568	733
Contributions receivable	(10,088)	(29,567)
Grants receivable	(42,369)	30,358
Loans receivable	-	(832)
Tenant rent receivable	-	5,037
Employee advances	40	1,680
Unconditional promises to give	6,287	(154,420)
Gift certificates	803	1,711
Prepaid expenses	(223)	9,389
Deposits	-	5,500
Accounts payable	32,191	78,870
Accrued payroll and taxes	(2,401)	8,396
Payroll withholding	(1,589)	189
Prepaid rent	335	-
Security deposits	(1,281)	436
Liability-Rep Payee program	(20,942)	39,313
Deferred revenues	(49,177)	(26,896)
Net Cash Provided by (Used in) Operating Activities	(36,396)	22,955
Cash Flows from Investing Activities		
Purchases of property and equipment	(16,451)	(3,309)
Purchase of investments	(11,074)	-
Construction in progress	(30,210)	(66,824)
Organization costs	-	(6,276)
Net Cash Used in Investing Activities	(57,735)	(76,409)

See notes to consolidated financial statements.

Hebron House of Hospitality, Inc.
Consolidated Statements of Cash Flows
Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash Flows from Financing Activities		
Proceeds from Borrowings		
Short term	863,308	-
Long term	-	100,000
Principal Payments		
Short term	(813,834)	(57,000)
Long term	<u>(7,902)</u>	<u>(5,766)</u>
Net Cash Provided by Financing Activities	<u>41,572</u>	<u>37,234</u>
Net Decrease in Cash	(52,559)	(16,220)
Cash - Beginning of Year	<u>114,252</u>	<u>130,472</u>
Cash - End of Year	<u><u>\$ 61,693</u></u>	<u><u>\$ 114,252</u></u>
 Supplemental Disclosures		
Interest paid	<u><u>\$ 15,789</u></u>	<u><u>\$ 10,810</u></u>

See notes to consolidated financial statements.

Hebron House of Hospitality, Inc.
Notes to Consolidated Financial Statements
December 31, 2013 and 2012

Note 1 - Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements:

Nature of Activities

Hebron House of Hospitality, Inc. (the "Organization") is a non-profit corporation organized to provide services to the homeless of Waukesha County through food, shelter, and support. Assistance in obtaining permanent housing is also provided.

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 Organization is required to report information regarding its financial position and activities according to three classes of net assets, defined as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or may not be met, either by actions of the Organization and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

The Organization has no permanently restricted net assets.

Use of Estimates

The preparation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that directly affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reported period. Actual results may differ from these estimates.

Functional Expense Allocation

Management has allocated functional expenses based on estimated use of each program or based on the budgets of the program.

Property and Equipment

Property and equipment are recorded at cost and depreciated over the estimated useful lives of the assets using the straight-line method. Donated capitalized property is recorded at fair market value at the date of donation. Additions and betterments are capitalized, whereas costs of maintenance and repair are charged to expense as incurred.

Hebron House of Hospitality, Inc.
Notes to Consolidated Financial Statements
December 31, 2013 and 2012

Note 1 - Summary of Significant Accounting Policies (continued)

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Short-term investments consist of debt securities with original maturities of twelve months or less. Long-term investments consist of debt securities with original maturities greater than twelve months.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated Property and Volunteer Time

The financial statements do not reflect amounts for donated used clothing and household items since the fair market value of these items is not readily determinable.

Volunteer time is provided by various persons which does not require specialized skills and therefore is not required to be included in the financial statements. During 2013, 3,609 hours were provided by volunteers valued at \$10 per hour per regulations issued by the Department of Housing and Urban Development, or \$36,090. In addition, 556 meals valued at \$35 per meal or \$19,460 were also contributed but not included in the financial statements. During 2012, 2,411 hours were provided by volunteers valued at \$10 per hour per regulations issued by the Department of Housing and Urban Development, or \$24,110. In addition, 514 meals valued at \$35 per meal or \$17,990 were also contributed but not included in the financial statements.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose could be subject to taxation as unrelated business income. The Organization is also exempt from state income tax on the related 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 no longer subject to U.S. federal income tax examinations for years ending before December 31, 2010.

Hebron House of Hospitality, Inc.
Notes to Consolidated Financial Statements
December 31, 2013 and 2012

Note 1 - Summary of Significant Accounting Policies (continued)

Consolidated Financial Statements

The financial statements include the accounts of Hebron House of Hospitality, Inc. and 620 Summit, Inc. All significant interorganization transactions and accounts are eliminated.

Advertising Costs

The Organization expenses advertising costs as incurred. The expense during 2013 was \$1,537 and no expenses were incurred in 2012.

Note 2 - Loans Receivable

The loans receivable account reflects monies advanced to individuals for rent or security deposit assistance. All uncollectible loans are written off directly to expense when deemed uncollectible.

Note 3 - Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received.

Note 4 - Property and Equipment

Property and equipment consists of the following:

	<u>2013</u>	<u>2012</u>
Land	\$ 337,977	\$ 337,977
Land improvements	12,063	12,063
Buildings	1,475,239	1,475,240
Building improvements	339,515	336,329
Office furniture, fixtures and equipment	62,550	58,623
Furnishings	32,228	32,228
Software	17,362	-
	<u>2,276,934</u>	<u>2,252,460</u>
Less: accumulated depreciation and amortization	<u>(633,944)</u>	<u>(578,107)</u>
Net Property and Equipment	<u>\$ 1,642,990</u>	<u>\$ 1,674,353</u>

Hebron House of Hospitality, Inc.
Notes to Consolidated Financial Statements
December 31, 2013 and 2012

Note 5 - Investments

The fair values of investments totaled \$11,053 at December 31, 2013. The following schedule summarizes investment activities and their classification in the statement of activities for the year ended December 31, 2013:

Interest and dividend income	\$ 8
Net realized and unrealized loss	(28)
Foreign tax paid	<u>(1)</u>
Total investment activity	<u>\$ (21)</u>

Note 6 - Fair Value Measurements

The following table presents information relating to the fair value measurements for assets that are measured at fair value on a recurring basis at December 31, 2013:

		Fair Market Value Measurements at Reporting Date Using:
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)
As of December 31, 2013		
Cash	\$ 11	\$ 11
Mutual funds	9,644	9,644
Equity securities	<u>1,398</u>	<u>1,398</u>
Total investments	<u>\$ 11,053</u>	<u>\$ 11,053</u>

FASB ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company 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 asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

The Organization had no investments qualify under Level 2 or Level 3.

Hebron House of Hospitality, Inc.
Notes to Consolidated Financial Statements
December 31, 2013 and 2012

Note 7 - Interest in Net Assets of Foundation

Amounts held by a recipient organization for the benefit of Hebron House of Hospitality, Inc. are required to be reported as an asset of the Organization. Accordingly, Hebron House of Hospitality, Inc. recognizes the interest in net assets of the recipient organization and adjusts that interest for its share of the change in net assets.

Hebron House of Hospitality Foundation, Inc. (the "Foundation") is a nonprofit, nonstock corporation organized for the purpose of providing ongoing support to Hebron House of Hospitality, Inc.

The interest in net assets of the Foundation reported in the accompanying financial statements at December 31, 2013 and 2012 is \$3,105 and \$3,101, respectively.

Note 8 - Deferred Revenues

Included in 2013 and 2012 deferred revenues is \$39,417 and \$50,417, respectively, from the Waukesha County Community Development Block Grant, which was an acquisition grant to purchase two four unit apartment buildings. Under the terms of the agreement, the apartment units must be operated as permanent housing for persons with dual AODA and mental illness disability for a period of not less than fifteen years, which started July 31, 2002 when the funds were received. Should this change or the buildings be sold, grant funds must be repaid with the amount to be determined using a 15-year pro-rata basis. Per the contract, CDBG is named as the first mortgagor on the properties.

Also included in 2013 and 2012 deferred revenues is \$327,454 and \$365,604, respectively, from the U.S. Department of Housing and Urban Development Supportive Housing Grant, which is a grant to purchase two four unit apartment buildings and costs for rehabilitation expenses. Under the terms of the agreement, the apartment units must be operated as supportive housing throughout a period of twenty years, which started July 31, 2002 when the funds were received. If the project ceased to be used as supportive housing within ten years, grant funds would have been repaid for the acquisition, rehabilitation and new construction for the project. Since the project has been used for more than ten years, HUD shall reduce the percentage of the amount required to be repaid by ten percentage points for each year in excess of ten that the project is used as supportive housing.

Note 9 - Lines of Credit

The Organization has available a line of credit from Town Bank in the amount of \$250,000. Interest is paid monthly at the highest U.S. prime rate as published in the Wall Street Journal "Money Rates" on each day plus 0.750 percentage points. The line of credit expires in April of 2014. As of December 31, 2013 and 2012, \$90,000 and \$93,000 has been drawn on the line of credit, respectively. This is secured by real estate at 812 North East Avenue and 1519 Summit Avenue.

During 2013, the Organization obtained a line of credit from Town Bank in the amount of \$30,000. Interest is paid monthly at the highest U.S. prime rate as published in the Wall Street Journal "Money Rates" on each day plus 0.750 percentage points. The line of credit expires in June of 2014. As of December 31, 2013, \$21,842 has been drawn on the line of credit. This is secured by a general business credit agreement and real estate at 812 North East Avenue and 1519 Summit Avenue.

Hebron House of Hospitality, Inc.
Notes to Consolidated Financial Statements
December 31, 2013 and 2012

Note 10 - Note Payable - Town Bank

In April 2012, a note secured by various properties and a general business security agreement for \$100,000 was obtained by the Organization. The note is payable in monthly installments of \$1,102, interest is fixed at 5.75% and the note matures April 10, 2017. The balance at December 31, 2013 and 2012 was \$86,964 and \$94,234, respectively.

Maturities of the note payable are as follows:

Year Ending 12/31	Amount
2014	\$ 8,443
2015	8,941
2016	9,469
2017	60,111
	<u>\$ 86,964</u>

Note 11 - Loans Payable - CDBG

In 1997, Waukesha County Community Development Block Grant had loaned \$30,000 to Hebron House of Hospitality, Inc. to provide additional funds to purchase a safe haven shelter called the Jeremy House. The loan was a non-interest bearing note. The Organization requested the loan to be converted into a grant or continue as a deferred payment loan. In 2012, this loan was converted into a grant and forgiven.

In 2002, Waukesha County Community Development Block Grant loaned another \$150,000 to Hebron House of Hospitality, Inc. to provide additional funds to purchase two four unit apartment buildings. This loan was a non-interest bearing deferred loan subject to annual review by the CDBG Board. In 2012, this loan was converted into a grant and forgiven.

Hebron House of Hospitality, Inc. did not meet the requirements set forth for a HOME development project. In 2009, \$300,450 from the Waukesha County HOME Investment Partnerships Act was granted to purchase property at 620 Summit Avenue. Under this grant, the Organization will be constructing rental properties for persons with disabilities, but additional funding must be obtained from the U.S. Department of Housing and Urban Development under Section 811 for the construction. Since the Organization did not receive the Section 811 funding, tax credits, or other funding and construction did not start within 12 months of the agreement date, the grant funds must be repaid to Waukesha County. The Organization's intent is to repay the loan with the funds from the HUD capital advance (see Note 19).

In 2010, Waukesha County converted grant funds from the Waukesha County HOME Investment Partnerships Act, to purchase a four unit apartment building, into a mortgage for \$431,757. Under the terms of the agreement, the apartment units must be rented to persons less than 50% of the county median as published by HUD for a twenty year period, which started March 31, 2006 when the funds were received. The Organization must also retain ownership for a minimum of twenty years.

Hebron House of Hospitality, Inc.
Notes to Consolidated Financial Statements
December 31, 2013 and 2012

Note 11 - Loans Payable - CDBG (continued)

In 2010, Waukesha County converted grant funds from the Waukesha County HOME Investment Partnerships Act, to purchase two four unit apartment buildings, into a mortgage for \$50,000. Under the terms of the agreement, the apartment units must be operated as permanent housing for persons with dual AODA and mental illness disability for a period of not less than fifteen years, which started July 31, 2002 when the funds were received.

Note 12 - Related Party Loan

On December 30, 2013, a loan for \$30,000 was obtained by the Organization from a board member. The loan will be repaid within 16 days. Any amount outstanding after 16 days will be assessed interest of 0.5%.

Note 13 - Board Designated Unrestricted Net Assets

The Organization's Board of Directors has designated the monies earned on the permanent housing project to be used for repairs and maintenance of the buildings and for future purchases of permanent housing projects. As of December 31, 2013 and 2012, the board designated \$1,001 and \$9,444 of unrestricted net assets, respectively.

Note 14 - Temporarily Restricted Net Assets

The Organization has net assets temporarily restricted for the following purposes:

	2013	2012
Support for drop-in shelter	\$ 20,469	\$ 34,137
Support for playground	-	11,900
Unconditional promises to give-United Way	148,133	154,420
	<u>\$ 168,602</u>	<u>\$ 200,457</u>

Hebron House of Hospitality, Inc.
Notes to Consolidated Financial Statements
December 31, 2013 and 2012

Note 15 - Lease Obligations

The Organization leases office equipment under an operating lease agreement. The Organization leases its main office facilities under a month-to-month lease.

At December 31, 2013, the future minimum lease payments under operating leases are as follows:

Year Ended 12/31	Amount
2014	\$ 5,500
2015	5,500
2016	5,500
2017	<u>1,833</u>
Total	<u>\$ 18,333</u>

Payments incurred under all lease agreements were approximately \$37,601 and \$44,065 for 2013 and 2012, respectively.

Note 16 - Tax Deferred Annuity

The Organization has a tax deferred annuity plan for all employees who are full-time (32 hours or more per week). After 30 days of employment, the employees may elect to have pre-tax contributions made to the plan as payroll deductions. The plan is considered inactive because there are no participants who are electing to contribute at this time.

Note 17 - Collaborative Agencies

The Organization entered into an agreement with other agencies under the State of Wisconsin – Emergency Shelter/Transitional Housing/Homeless Prevention Grant. The Organization was considered the fiscal agent and the other agencies were the collaborative agencies. The Organization paid \$41,562 to these collaborative agencies in 2012. In 2008, another agreement was entered into with two other agencies under the HUD-Washington County Grant. The Organization paid \$40,224 to these collaborative agencies in 2012. As of December 31, 2012 the Organization was no longer the fiscal agent for these agreements.

Note 18 - Community Housing Development Organization (CHDO)

The Organization received grant funds to construct and develop HOME units and to set out its obligations as a community housing development organization (CHDO). In 2006, the Organization assigned its development obligations under a HOME contract to The Gables of Germantown I LLC. The Organization received and transferred \$368,496 of grant funds to the project and accepted in exchange a 3% ownership interest in Capri Germantown I, LLC.

In 2010, the Organization entered into a CHDO agreement to participate in the construction of the Casa del Mare development. The project was completed in 2012. The Organization received and transferred \$469,700 of grant funds to the project and accepted in exchange a 3% ownership interest in St. Catherine Commons II, LLC.

Hebron House of Hospitality, Inc.
Notes to Consolidated Financial Statements
December 31, 2013 and 2012

Note 18 - Community Housing Development Organization (CHDO) (continued)

On January 1, 2011, another non-profit corporation conveyed all of its membership interests to the Organization. The Organization received a 3% ownership interest in St. Catherine Commons, LLC for the St. Catherine Commons project. The Organization also received a 1% ownership interest in Capri West Allis, LLC which owns part of Carnegie Place, LLC and an ownership interest of 18% in Killarney Kourt, LLC.

According to FASB ASC 958-325, investments should be reported at fair value or carrying value (cost, if purchased or fair value, if contributed). The financial statements do not reflect these investments since the carrying value and fair value of these investments are not readily determinable.

Note 19 - Section 811 Firm Commitment

In 2012, the Organization received approval from HUD for a capital advance and project rental assistance for the 620 Summit Avenue project. A capital advance agreement of \$1,298,200 was signed in June 2014.

Note 20 - Related Entities

The Foundation was created in 1995 to provide financial resources to and advance public awareness of the Organization's programs and services. No contributions were received from the Foundation in 2013 or 2012. This entity has not been consolidated into these financial statements since an autonomous board controls the management and policies of the Foundation, but is instead reported as a recipient organization (see Note 7).

Note 21 - Subsequent Events

The Organization has reviewed the results of operations for the period of time from its year ended December 31, 2013 through June 12, 2014, the date which the financial statements were available to be issued. The \$250,000 line of credit with Town Bank was renewed for three months and will expire in July 2014. An additional \$153,000 was drawn on the line of credit subsequent to the end of the fiscal year.

Hebron House of Hospitality, Inc.
Consolidating Statement of Financial Position
December 31, 2013

	Hebron House of Hospitality, Inc.	620 Summit, Inc.	Consolidation Eliminations	Consolidated
Assets				
Cash	\$ 120	\$ 68	\$ -	\$ 188
Cash - security deposits	6,490	-	-	6,490
Cash - Rep Payee program	54,014	-	-	54,014
Cash designated - Permanent Housing	1,001	-	-	1,001
Accounts receivable	1,045	-	-	1,045
Contributions receivable	39,655	-	-	39,655
Grants receivable	80,363	-	-	80,363
Loans receivable	5,715	-	-	5,715
Unconditional promises to give	148,133	-	-	148,133
Gift certificates	212	-	-	212
Prepaid expenses	6,971	-	-	6,971
Property and equipment, net	1,642,990	-	-	1,642,990
Deposits	1,500	-	-	1,500
Due from affiliated organizations	14,992	-	(14,992) (A)	-
Investments	11,053	-	-	11,053
Construction in progress	-	97,034	-	97,034
Organization costs	-	5,509	-	5,509
Beneficial interest in net assets of Foundation	3,105	-	-	3,105
Total Assets	\$ 2,017,359	\$ 102,611	\$ (14,992)	\$ 2,104,978
Liabilities				
Accounts payable	\$ 108,979	\$ 88,380	-	197,359
Accrued payroll and taxes	41,359	-	-	41,359
Prepaid rent	335	-	-	335
Security deposits	6,462	-	-	6,462
Liability - Rep Payee program	54,005	-	-	54,005
Deferred revenues	368,992	-	-	368,992
Due to affiliated organizations	-	14,992	(14,992) (A)	-
Lines of credit	111,842	-	-	111,842
Note payable - Town Bank	86,964	-	-	86,964
Loans payable - CDBG	782,207	-	-	782,207
Loan payable	30,000	-	-	30,000
Total Liabilities	1,591,145	103,372	(14,992)	1,679,525
Net Assets				
Unrestricted				
Undesignated	256,611	(761)	-	255,850
Board designated	1,001	-	-	1,001
Temporarily restricted	168,602	-	-	168,602
Total Net Assets	426,214	(761)	-	425,453
Total Liabilities and Net Assets	\$ 2,017,359	\$ 102,611	\$ (14,992)	\$ 2,104,978

Notes: (A) - Eliminate inter-company loans.

See notes to consolidated financial statements.

Hebron House of Hospitality, Inc.
Consolidating Statement of Financial Position
December 31, 2012

	Hebron House of Hospitality, Inc.	620 Summit, Inc.	Consolidation Eliminations	Consolidated
Assets				
Cash	\$ 17,360	\$ 4,697	\$ -	\$ 22,057
Cash - security deposits	7,748	-	-	7,748
Cash - Rep Payee program	75,003	-	-	75,003
Cash designated - Permanent Housing	9,444	-	-	9,444
Accounts receivable	1,613	-	-	1,613
Contributions receivable	29,567	-	-	29,567
Grants receivable	37,994	-	-	37,994
Loans receivable	5,715	-	-	5,715
Employee advances	40	-	-	40
Unconditional promises to give	154,420	-	-	154,420
Gift certificates	1,015	-	-	1,015
Prepaid expenses	6,748	-	-	6,748
Property and equipment, net	1,674,353	-	-	1,674,353
Deposits	1,500	-	-	1,500
Due from affiliated organizations	11,439	-	(11,439) (A)	-
Construction in progress	-	66,824	-	66,824
Organization costs	-	5,927	-	5,927
Beneficial interest in net assets of Foundation	3,101	-	-	3,101
Total Assets	\$ 2,037,060	\$ 77,448	\$ (11,439)	\$ 2,103,069
Liabilities				
Accounts payable	\$ 98,810	\$ 66,358	-	165,168
Accrued payroll and taxes	43,760	-	-	43,760
Prepaid rent	1,589	-	-	1,589
Security deposits	7,743	-	-	7,743
Liability - Rep Payee program	74,947	-	-	74,947
Deferred revenues	418,169	-	-	418,169
Due to affiliated organizations	-	11,439	(11,439) (A)	-
Lines of credit	93,000	-	-	93,000
Note payable - Town Bank	94,234	-	-	94,234
Loans payable - CDBG	782,207	-	-	782,207
Total Liabilities	1,614,459	77,797	(11,439)	1,680,817
Net Assets				
Unrestricted				
Undesignated	212,700	(349)	-	212,351
Board designated	9,444	-	-	9,444
Temporarily restricted	200,457	-	-	200,457
Total Net Assets	422,601	(349)	-	422,252
Total Liabilities and Net Assets	\$ 2,037,060	\$ 77,448	\$ (11,439)	\$ 2,103,069

Notes: (A) - Eliminate inter-company loans.

See notes to consolidated financial statements.

Hebron House of Hospitality, Inc.
Consolidating Statement of Activities
Year Ended December 31, 2013

	<u>Hebron House of Hospitality, Inc.</u>	<u>620 Summit, Inc.</u>	<u>Consolidation Eliminations</u>	<u>Consolidated</u>
Support and Revenues				
Public Support				
Individuals	\$ 332,470	\$ -	\$ -	\$ 332,470
Foundations	82,738	-	-	82,738
Businesses and corporations	78,452	-	-	78,452
Service clubs and organizations	18,549	-	-	18,549
Special events	90,040	-	-	90,040
Religious	81,135	-	-	81,135
Donated good and services	16,655	-	-	16,655
United Way	296,835	-	-	296,835
	<hr/>	<hr/>	<hr/>	<hr/>
Total Public Support	996,874	-	-	996,874
Grants and Contracts				
Waukesha County Housing Action Coalition COC - ETH	116,128	-	-	116,128
NAMI Waukesha - PATH	46,164	-	-	46,164
State of WI - Shelter Subsidy	26,992	-	-	26,992
FEMA Grant - Emergency Food and Shelter Program	13,876	-	-	13,876
Waukesha County	91,000	-	-	91,000
Waukesha County HHS	10,199	-	-	10,199
HUD - Jeremy House	111,108	-	-	111,108
State of WI - Supportive Housing Program	38,150	-	-	38,150
Other miscellaneous grants	13,948	-	-	13,948
	<hr/>	<hr/>	<hr/>	<hr/>
Total Grants and Contracts	467,565	-	-	467,565
Program Revenue				
Management fees	20,483	-	-	20,483
Rental income	59,589	-	-	59,589
	<hr/>	<hr/>	<hr/>	<hr/>
Total Program Revenue	80,072	-	-	80,072

See notes to consolidated financial statements.

Hebron House of Hospitality, Inc.
Consolidating Statement of Activities
Year Ended December 31, 2013

	Hebron House of Hospitality, Inc.	620 Summit, Inc.	Consolidation Eliminations	Consolidated
Other Revenue (Loss)				
Interest	83	6	-	89
Miscellaneous	15,985	-	-	15,985
Investment income, net of expenses	(21)	-	-	(21)
Total Other Revenue	<u>16,047</u>	<u>6</u>	<u>-</u>	<u>16,053</u>
Total Support and Revenues	1,560,558	6	-	1,560,564
Expenses				
Program Services				
Jeremy House	192,675	-	-	192,675
Shelter	418,437	-	-	418,437
Drop-In Shelter	67,171	-	-	67,171
Long term case management	118,060	-	-	118,060
Grants	182,652	-	-	182,652
Permanent housing	188,508	418	-	188,926
PATH	56,154	-	-	56,154
Management and general	208,584	-	-	208,584
Fundraising	124,708	-	-	124,708
Total Expenses	<u>1,556,949</u>	<u>418</u>	<u>-</u>	<u>1,557,367</u>
Change in Net Assets before Beneficial Interest	3,609	(412)	-	3,197
Change in Interest in Net Assets of Foundation	<u>4</u>	<u>-</u>	<u>-</u>	<u>4</u>
Change in Net Assets	3,613	(412)	-	3,201
Net Assets at Beginning of Year	<u>422,601</u>	<u>(349)</u>	<u>-</u>	<u>422,252</u>
Net Assets at End of Year	<u>\$ 426,214</u>	<u>\$ (761)</u>	<u>\$ -</u>	<u>\$ 425,453</u>

See notes to consolidated financial statements.

Hebron House of Hospitality, Inc.
Consolidating Statement of Activities
Year Ended December 31, 2012

	Hebron House of Hospitality, Inc.	620 Summit, Inc.	Consolidation Eliminations	Consolidated
Support and Revenues				
Public Support				
Individuals	\$ 314,654	\$ -	\$ -	\$ 314,654
Foundations	51,165	-	-	51,165
Businesses and corporations	68,548	-	-	68,548
Service clubs and organizations	13,449	-	-	13,449
Special events	32,497	-	-	32,497
Religious	98,685	-	-	98,685
Donated good and services	154,615	-	-	154,615
United Way	463,314	-	-	463,314
Total Public Support	1,196,927	-	-	1,196,927
Grants and Contracts				
State of WI - Emergency Shelter/Transitional Housing/Homeless Prevention	138,446	-	-	138,446
Waukesha County Housing Action Coalition COC - ETH	26,249	-	-	26,249
NAMI Waukesha - PATH	44,713	-	-	44,713
State of WI - Shelter Subsidy	27,987	-	-	27,987
Friends of Abused Families - Emergency Shelter/Transitional Housing/Homeless Prevention	2,274	-	-	2,274
NAMI Waukesha - SOAR	30,293	-	-	30,293
State of WI - HOME Rental Housing Development Program	4,697	-	-	4,697
FEMA Grant - Emergency Food and Shelter Program	9,360	-	-	9,360
Waukesha County	77,000	-	-	77,000
Waukesha County HHS	30,199	-	-	30,199
HUD - Jeremy House	129,723	-	-	129,723
HUD - Washington County	64,062	-	-	64,062
State of WI - Supportive Housing Program	15,896	-	-	15,896
Other miscellaneous grants	12,017	-	-	12,017
Total Grants and Contracts	612,916	-	-	612,916
Program Revenue				
Management fees	27,255	-	-	27,255
Rental income	81,913	-	-	81,913
Total Program Revenue	109,168	-	-	109,168

See notes to financial statements.

Hebron House of Hospitality, Inc.
Consolidating Statement of Activities
Year Ended December 31, 2012

	Hebron House of Hospitality, Inc.	620 Summit, Inc.	Consolidation Eliminations	Consolidated
Other Revenue (Loss)				
Interest	139	-	-	139
Miscellaneous	5,797	-	-	5,797
CDBG forgiveness of debt	180,000	-	-	180,000
Loss on sale of securities	(928)	-	-	(928)
Total Other Revenue	<u>185,008</u>	<u>-</u>	<u>-</u>	<u>185,008</u>
Total Support and Revenues	2,104,019	-	-	2,104,019
Expenses				
Program Services				
Jeremy House	187,887	-	-	187,887
Shelter	420,004	-	-	420,004
Drop-In Shelter	59,680	-	-	59,680
Housing assistance	30,759	-	-	30,759
Long term case management	220,361	-	-	220,361
Grants	180,830	-	-	180,830
Permanent housing	177,651	349	-	178,000
Collaborative agencies	41,562	-	-	41,562
CHDO	4,697	-	-	4,697
SOAR	37,455	-	-	37,455
PATH	53,206	-	-	53,206
Washington County	51,529	-	-	51,529
Management and general	296,453	-	-	296,453
Fundraising	170,344	-	-	170,344
Total Expenses	<u>1,932,418</u>	<u>349</u>	<u>-</u>	<u>1,932,767</u>
Change in Net Assets before Beneficial Interest	171,601	(349)	-	171,252
Change in Interest in Net Assets of Foundation	3,101	-	-	3,101
Change in Net Assets	174,702	(349)	-	174,353
Net Assets at Beginning of Year	247,899	-	-	247,899
Net Assets at End of Year	<u>\$ 422,601</u>	<u>\$ (349)</u>	<u>\$ -</u>	<u>\$ 422,252</u>

See notes to financial statements.

Hebron House of Hospitality, Inc.
Schedule of Expenditures of Federal and State Awards
Year Ended December 31, 2013

<u>Federal Grantor/ Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>			
<i>Supportive Housing Programs</i>	14.235	Various	\$ 111,108
Waukesha County			
<i>Emergency Shelter</i>	14.218	PS13016	70,000
<i>Jeremy House Safe Haven</i>	14.218	PS13017	10,000
<i>Home Investment Partnership Programs - Loans</i>	14.239	-	782,207
Interfaith Senior Programs, Inc.			
<i>Collaborative Transportation</i>	14.218	-	2,122
Waukesha County Housing Action Coalition COC, Inc.			
<i>Emergency Solutions Grant</i>	14.231	-	41,396
Total U.S. Department of Housing and Urban Development			<u>1,016,833</u>
<u>U.S. Department of Health & Human Services</u>			
Waukesha County Department of Health and Human Services			
<i>Information and Referral</i>	93.667	CARS 561	1,197
<i>Information and Referral</i>	93.558	CARS 561	639
NAMI Waukesha, Inc.			
<i>Projects for Assistance in Transition from Homelessness</i>	93.150	-	46,164
Total U.S. Department of Health & Human Services			<u>48,000</u>
<u>Federal Emergency Management Agency</u>			
Emergency Food and Shelter National Board Program			
<i>Emergency Food and Shelter Program</i>	97.024	-	<u>13,876</u>
Total Expenditures of Federal Awards			<u>\$ 1,078,709</u>

Hebron House of Hospitality, Inc.
Schedule of Expenditures of Federal and State Awards
Year Ended December 31, 2013

<u>Grantor/ Pass-through Grantor/ Program Title</u>	<u>State Identifying Number</u>	<u>State Expenditures</u>
<u>U.S. Department of Health & Human Services</u>		
Waukesha County Department of Health and Human Services <i>Information and Referral</i>	435.561	\$ 8,363
<u>State of Wisconsin</u>		
Waukesha County Housing Action Coalition COC, Inc. <i>Homelessness Prevention Program</i>	505.703B	74,953
Department of Administration <i>State Shelter Subsidy Grant</i>	505.707A	<u>26,992</u>
Total Expenditures of State Awards		<u>\$ 110,308</u>

Hebron House of Hospitality, Inc.
Notes to Schedule of Expenditures of Federal and State Awards
For the Year Ended December 31, 2013

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (the Schedule) includes the federal and state grant activity of Hebron House of Hospitality, Inc. under programs of the federal and state government for the year ended December 31, 2013. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Governments, and Non-Profit Organizations*, the *State Single Audit Guidelines* and the *Department of Health Services Audit Guide*. Because the Schedule presents only a selected portion of the operations of Hebron House of Hospitality, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Hebron House of Hospitality, Inc.

Note B - Summary of Significant Accounting Policies

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



**WALKOWICZ,
BOCZKIEWICZ & CO., S.C.**

CERTIFIED PUBLIC ACCOUNTANTS

1800 East Main Street, Suite 100
Waukesha, Wisconsin 53186-3902

EDWARD J. WALKOWICZ, CPA
VALORIE A. BOCZKIEWICZ, CPA

ROXANN V. COWAN, CPA
SHANNON M. ROSZAK, CPA
MICHELLE A. SCHKERYANTZ, CPA

WILL A. SILVERS, CPA
WENDY L. HANSON
JEFFERY J. OTTO

**Independent Auditor's Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters Based on
an Audit of Financial Statements Performed in Accordance
with Government Auditing Standards, State Single Audit Guidelines
and the Department of Health Services Audit Guide**

To the Board of Directors
Hebron House of Hospitality, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, *State Single Audit Guidelines* and the *Department of Health Services Audit Guide*, the consolidated financial statements of Hebron House of Hospitality, Inc. (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2013, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 12, 2014.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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

significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the significant deficiencies described in the accompanying schedule of findings and questioned costs as items 2013-3 and 2013-4 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hebron House of Hospitality, Inc.'s consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, *State Single Audit Guidelines* and the *Department of Health Services Audit Guide* and which are described in the accompanying schedule of findings and questioned costs as items 2013-1 and 2013-2.

Hebron House of Hospitality, Inc.'s Response to Findings

Hebron House of Hospitality, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Hebron House of Hospitality, Inc.'s response was not subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on it.

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*, *State Single Audit Guidelines* and the *Department of Health Services Audit Guide* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Waukesha, Wisconsin
June 12, 2014



**WALKOWICZ,
BOCHKIEWICZ & CO., S.C.**

CERTIFIED PUBLIC ACCOUNTANTS

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Waukesha, Wisconsin 53186-3902

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**Independent Auditor's Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required
by OMB Circular A-133 and the State Single Audit Guidelines**

To the Board of Directors of
Hebron House of Hospitality, Inc.

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of Hebron House of Hospitality, Inc.'s compliance.

Basis for Qualified Opinion on the State Homelessness Prevention Program

As described in the accompanying schedule of findings and questioned costs, Hebron House of Hospitality, Inc. did not comply with requirements regarding the Homelessness Prevention Program as described in finding numbers 2013-3 for Eligibility and 2013-4 for Allowable Cost. Compliance with such requirements is necessary, in our opinion, for Hebron House of Hospitality, Inc. to comply with the requirements applicable to that state program.

Qualified Opinion on the State Homelessness Prevention Program

In our opinion, except for the state noncompliance described in the Basis for Qualified Opinion paragraph, Hebron House of Hospitality, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Homelessness Prevention Program for the year ended December 31, 2013.

Unmodified Opinion on the Major Federal Program

In our opinion, Hebron House of Hospitality, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and the *Guidelines* and which are described in the accompanying schedule of findings and questioned costs as items 2013-1 and 2013-2. Our opinion on each major federal and state program is not modified with respect to these matters.

Hebron House of Hospitality, Inc.'s response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Hebron House of Hospitality, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2013-3 and 2013-4 to be material weaknesses.

Hebron House of Hospitality, Inc.'s response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Hebron House of Hospitality, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

A handwritten signature in dark ink, appearing to read "Walther B. Boyer" followed by a stylized flourish and "Co. S.C.".

Waukesha, Wisconsin
June 12, 2014

**Hebron House of Hospitality, Inc.
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2013**

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Finding 2012-1 Homeless Prevention Program

Condition: Two client files were over the household CMI annual income limits when the income was annualized. Documentation should be included in the file to substantiate any reasons for not annualizing the income.

Recommendation: Create a form to document the calculation of annual income. If income is not annualized, documentation should be included in the file to substantiate the reason.

Current Status: Form was created and used until April 30, 2014 to properly calculate annual income. As of April 30, 2014, Hebron House of Hospitality, Inc. is no longer administering this program.

Hebron House of Hospitality, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2013

Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on the financial statements of Hebron House of Hospitality, Inc.
2. No significant deficiencies relating to the audit of the financial statements are reported in the *Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Hebron House of Hospitality, Inc. were disclosed during the audit.

Federal Awards

4. No significant deficiencies relating to the audit of the major federal award programs are reported in the *Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 and the State Single Audit Guidelines*.
5. The auditor's report on compliance for the major federal award programs for Hebron House of Hospitality, Inc. expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as major federal programs were:

Home Investment Partnership Programs-Loans	14,239
--	--------

8. The threshold used for distinguishing between Types A and B programs was \$300,000.
9. Hebron House of Hospitality, Inc. did not qualify as a low-risk auditee.

State Awards

10. Two significant deficiencies in internal control over major state award programs disclosed during the audit are reported in the *Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 and the State Single Audit Guidelines*. Two of the deficiencies are reported as material weaknesses.
11. The auditor's report on compliance for the major state program for Hebron House of Hospitality, Inc. expresses a qualified opinion on its major state program.
12. Audit findings that are required to be reported in accordance with *State Single Audit Guidelines* are reported in this Schedule.

13. The programs tested as major state programs were:

Homelessness Prevention Program	505.703B
---------------------------------	----------

14. The threshold for distinguishing between Types A and B programs was \$100,000.

15. Hebron House of Hospitality, Inc. did not qualify as a low-risk auditee.

Findings - Financial Statement Audit

None

Findings and Questioned Costs - Major Federal and State Award Programs Audit

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

2013-1 Home Investment Partnership Program – CFDA No. 14.239, Grant No. HM2001-9A2

Condition: One of the files selected for testing was not eligible based on the program requirements.

Criteria: Clients must meet all the requirements of the grant to be eligible for services.

Cause: One client was not diagnosed with a dual AODA and mental illness disability per the CDBG contract.

Effect: This client did not meet the eligibility requirements.

Auditor's recommendation: Compliance requirements should be consistently followed and the appropriate documentation of eligibility should be kept in each client's file.

Views of Responsible Officials: See Corrective Action Plan.

STATE OF WISCONSIN, DEPARTMENT OF ADMINISTRATION

2013-2 Homelessness Prevention Program – WI 505.703B, Contract No. ETH 12-23, Period Ended September 30, 2014 and Contract No. ETH 13-09 A, Year Ended June 30, 2014.

Condition: The lead paint disclosure form was not fully completed on all of the files tested. Four of the files had the form in the file, but they were not properly completed. The remaining four files were missing the form.

Criteria: Documentation that all lead-safety rules were followed should be maintained in the files.

Cause: The lead paint disclosure form was not in the file or it was not properly completed.

Effect: Lead-based paint requirements will not be met and the well-being of clients could be jeopardized.

Auditor's recommendation: Follow the guidelines set forth by the State of Wisconsin and ensure that the person in charge of compliance is monitoring the procedures.

Views of Responsible Officials: See Corrective Action Plan.

MATERIAL WEAKNESSES

2013-3 Homelessness Prevention Program – WI 505.703B, Contract No. ETH 12-23, Period Ended September 30, 2014.

Condition: Two of the files selected for testing were not eligible based on the program requirements.

Criteria: Clients must meet all the requirements of the program to be eligible for assistance.

Cause: Two client files did not meet the imminent risk of homelessness criteria because the file did not contain a court order or legally acceptable notice to quit/terminate where eviction will happen within 21 days.

Effect: These clients do not meet the eligibility requirements.

Auditor's recommendation: Follow the guidelines set forth by the State of Wisconsin to ensure all eligibility requirements are met.

Views of Responsible Officials: See Corrective Action Plan.

2013-4 Homelessness Prevention Program – WI 505.703B, Contract No. ETH 12-23, Period Ended September 30, 2014.

Condition: The assistance provided included a payment to a landlord for a security deposit.

Criteria: A security deposit payment is not an allowable assistance payment.

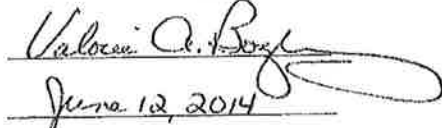
Cause: The assistance payment that was made included a security deposit.

Effect: The security deposit included in the assistance payment is not allowable.

Auditor's recommendation: Follow the guidelines set forth by the State of Wisconsin to ensure all assistance payments made are allowable.

Views of Responsible Officials: See Corrective Action Plan.

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, non-material non-compliance, questioned costs, material weakness, reportable condition, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:
Department of Health Services Yes
3. Was a management letter or other document conveying audit comments issued as a result of this audit? Yes
4. Name and signature of partner

5. Date of report
June 12, 2014



Corrective Action Plan

June 23, 2014

Federal Auditor
Wisconsin Department of Commerce
Division of Administrative Services
P.O. Box 7970
Madison, WI 53707-7970

Hebron House of Hospitality, Inc. respectfully submits the following corrective action plan in response to the independent audit report completed for the year ended 2013.

Name and address of the independent public accounting firm:
Walkowicz, Boczkiewicz & Co. S.C., Certified Public Accountants
1800 E. Main Street, Suite 100
Waukesha, WI 53186

Audit Period: For the year ended December 31, 2013

The findings from the 2013 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the number assigned in the schedule.

Findings and Questioned Costs-Major Federal and State Award Programs Audit

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

2013-1 Home Investment Partnership Program – CFDA No. 14.239, Grant No. HM2001-9A2

Recommendation: Compliance requirements should be consistently followed and the appropriate documentation of eligibility should be kept in each client's file.

Action Taken: A more rigorous eligibility screening process has been implemented including a revised eligibility checklist to properly document disability and AODA issues. In addition, a final review of the file by the Director of Administration and Compliance will be conducted prior to client acceptance into the program.

STATE OF WISCONSIN, DEPARTMENT OF ADMINISTRATION

2013-2 Homeless Prevention Program – WI 505.703B, Contract No. ETH 12-23, Period Ended September 30, 2014 and Contract No. ETH 13-09 A, Year Ended June 30, 2014.

Recommendation: Follow the guidelines set forth by the State of Wisconsin and ensure that the person in charge of compliance is monitoring the procedures.

Action Taken: In November 2013, the agency performed an internal compliance check. It was at this time that we found significant deficiencies in the Homeless Prevention Program. Efforts were made to correct deficiencies where possible. As of November 15, 2013, the staff person who was responsible for administering the Homeless Prevention Program no longer works for Hebron House of Hospitality, Inc.

As of April 30, 2014 the Homeless Prevention Program is no longer administered by Hebron House of Hospitality, Inc.

2013-3 Homeless Prevention Program – WI 505.703B, Contract No. ETH 12-23, Period Ended September 30, 2014.

Recommendation: Follow the guidelines set forth by the State of Wisconsin to ensure all eligibility requirements are met.

Action Taken: In November 2013, the agency performed an internal compliance check. It was at this time that we found significant deficiencies in the Homeless Prevention Program. Efforts were made to correct deficiencies where possible. As of November 15, 2013, the staff person who was responsible for administering the Homeless Prevention Program no longer works for Hebron House of Hospitality, Inc.

As of April 30, 2014 the Homeless Prevention Program is no longer administered by Hebron House of Hospitality, Inc.

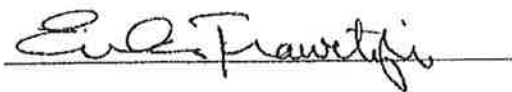
2013-4 Homeless Prevention Program – WI 505.703B, Contract No. ETH 12-23, Period Ended September 30, 2014.

Recommendation: Follow the guidelines set forth by the State of Wisconsin to ensure all assistance payments made are allowable.

Action Taken: In November 2013, the agency performed an internal compliance check. It was at this time that we found significant deficiencies in the Homeless Prevention Program. Efforts were made to correct deficiencies where possible. As of November 15, 2013, the staff person who was responsible for administering the Homeless Prevention Program no longer works for Hebron House of Hospitality, Inc.

As of April 30, 2014 the Homeless Prevention Program is no longer administered by Hebron House of Hospitality, Inc.

Please direct any questions regarding this matter to Erika Trawitzki at (262) 522-1582.



Erika Trawitzki
Director of Administration and Compliance

Ms. Bernardine "Bernie" Juno
111 East Main Street
Waukesha, WI 53186
Phone: (262) 522-1400
Email: bjuno@hebronhouse.org

EXPERIENCE

1983-Present Hebron House of Hospitality, Inc. Waukesha, WI 53186

Executive Director

- Established Hebron House emergency shelter in 1983.
- Established the Loaves and Fishes meal program in 1983.
- Developed and established the housing services programs including a no interest loan program and Housing education/placement program in 1986.
- Coordinated, developed and established the M and M building for Cooperating Congregations of Waukesha County and the Waukesha Food Pantry to centralize emergency services with the Housing Services of Hebron House of Hospitality in 1988.
- 1989 received The YWCA Woman of Distinction Award.
- Developed in partnership with for-profit investors, a forty-three apartment supportive housing complex for homeless single adults with special needs, Cornerstone Apartments in 1993.
- Developed and established the Jeremy House Safe Haven in collaboration with the Waukesha County Mental Health Association, the Waukesha County National Alliance for the Mentally Ill and the Waukesha Housing Authority in 1997.
- Developed and established the second Hebron House of Hospitality emergency shelter, Siena House Shelter in 2000.
- Coordinated, developed and established eight units of permanent housing for homeless families and single adults, Gander Apartments, who are dual diagnosed in 2002 in collaboration with the Department of Health and Human Services, Waukesha Housing Authority, and Addiction Resource Council of Waukesha County. This was a CHDO and HUD Supportive Housing Program grant through the Balance of State Continuum of Care.
- Worked with representatives from the state Continuum of Care, and entitlement community Continuum of Care groups and the governor's office to establish a state council on homelessness.
- 2006 Coordinated, developed and established four units of permanent housing for homeless families, Hillside Apartments, through grants from the Waukesha County HOME Consortium as a CHDO.
- 2007 Hebron House of Hospitality named Large NonProfit of the Year by County Executive, Dan Vrakas.
- 2009-Present established an Overflow Shelter for single men in Waukesha County during winter from November 15- through April 30th of each year.
- 2010-Named Women of Influence for Inspiration by the Greater Milwaukee Business Journal.
- 2010-Absorbed REAL, Inc CHDO assets as REAL, Inc dissolved as an agency.
- 2011-Received the Key to the City by Mayor Scrima for outstanding contribution to the City of Waukesha.
- 2011-Received the Michael Stivorik Community Development Block Grant Leadership Award.
- 2011-Awarded HUD Section 811 grant for development of eight units of Housing for persons with disabilities.

PAST EMPLOYMENT

1966-1983 Dental Hygiene Waukesha, Milwaukee and statewide

Dental Hygienist

- Private practice 1966-1978
- In 1977 established the St. Joseph's Free Dental Clinic in Waukesha, WI
- Dental Health educator and public health 1979-1983
- Children's Hospital in Milwaukee demonstrated multi-disciplinary approach to health and social service issues.
- Employed by Federal District for the State of Wisconsin Public Health Services for monitoring and technical assistance for Head Start Programs for compliance and delivery of services.

EDUCATION

1966 Marquette University Milwaukee, WI
Graduated in Dental Hygiene with additional College courses in 1976
Continuing education in the field of Human Service Administration, housing and homelessness

PROFESSIONAL AFFILIATIONS

- Member of the Client Experience Assessment Team for the 'Thriving Waukesha NonProfit study
- Community Health Improvement Planning Process (CHIPP) three Committee's for: Health Access, Alcohol And Other Drug Abuse Issues, and Mental Health Services.
- Addiction Resource Council Advisory Board Member
- United Way in Waukesha County Advisory Council Member
- Past member of the Low Income Pilot Program for WEnergies in Waukesha County for the Public Service Commission
- Past Member of the Governor's Council to End Homelessness
- Past Chairperson and current member of the Waukesha County Housing Action Coalition
- Member of the Waukesha County Dryhooch of America Board of Directors
- Member of the Interfaith Senior Programs RSVP Advisory Board
- Member of the Mental Health Court ad hoc committee

Erika J Trawitzki

2440 N. 57th Street • Milwaukee, WI 53210
Phone: 414-305-5912 • E-Mail: ej1980@msn.com

ET

Objective

Seeking a position to further my career as an advocate helping and empowering individuals and families overcome the cycle of poverty.

Experience

Hebron House of Hospitality, Inc.

May 2012 - Current

Director of Operations. In charge of overseeing all agency programs such as shelter, rent assistance program, permanent supportive housing projects, representative payee program, case management and ensure all of these programs are in compliance with all major funding sources. Writing grants from both private and public funding sources and billing accordingly. Utilize, maintain, and run reports using Wisconsin Service Point Homeless Management Information System. Supervise staff of 35, including hiring, training, and ongoing staff development activities. Was originally hired as the Shelter Coordinator for Hebron House Shelter but was later promoted. Participated in local community groups addressing the needs of low-income families including sitting on the board for the Housing Action Coalition of Waukesha County.

The Women's Center, Inc.- Sister House

December 2010 – May 2012

Shelter Advocate. Main responsibilities were to oversee shelter, residents, and daily operations to maintain safety, upkeep, and program quality; assist clients to find resources in the community through internal and external referrals; make case notes in client files, maintain database, and effectively disclose shift notes to coworkers; problem solve, ensure proper conflict resolution, and model/re-enforce positive behaviors for residents; operate the crisis line and accurately document all calls; train new staff; screen potential clients for appropriateness of programming; provide crisis intervention.

Cleanworks of Southeastern Wisconsin

May 2003 – December 2010

Cleaning Person. Solid experience in housekeeping for a diverse range of clients and living conditions including both residential and commercial spaces. Cleaning duties included vacuuming, mopping, sweeping, the upkeep of public spaces, window washing, high and low dusting, scrubbing, sanitation, and special area cleaning.

Community Advocates- Milwaukee Women's Center May 2008 – October 2009

House Manager. Oversaw shelter, residents, and daily operations, interacting with residents and ensuring shelter ran smoothly. Operated the crisis line, created safety plans with callers, and accurately documented all calls. Coordinated activities and programming to assist clients to reach goals and access community resources.

Walgreen's Pharmacy

January 1997 – May 2003

Senior Certified Pharmacy Technician. Held former positions within the company such as bookkeeper, photo clerk, and merchandiser. Pharmacy duties include data entry and proper filing of patients prescriptions; interacting with insurance companies for billing and authorizations purposes; inventory control; ordering, receiving, and stocking; supervisory position in charge of other technicians, training, and scheduling.

Education

Cardinal Stritch University

August 2009 – August 2011

Bachelors of Science in Human Service Management. Maintained a 3.64 cumulative GPA and graduated with Academic Distinction.

University of Wisconsin- Milwaukee

August 2006 – May 2009

Helen Bader School of Social Welfare- transferred to Cardinal Stritch University.

References

Christopher Lambert	Former Co-worker	414-745-3861
Lori Dobbertin	Former Supervisor	414-331-4900
Beth Blavat	Former Co-worker	262-309-3921
Kathy Herbst	Former Supervisor	262-547-4600
Tonya Dailey	Longtime Friend	414-380-9397
Rafael Garcia	Longtime Friend	414-531-4700