



Johnson ▲ Block
AND COMPANY, INC.

Certified Public Accountants

MOVIN' OUT, INC.
Madison, Wisconsin

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S
REPORTS**

For the Year Ended December 31, 2015

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MOVIN' OUT, INC.
Madison, Wisconsin

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Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

June 3, 2016

Board of Directors
Movin' Out, Inc.
Madison, Wisconsin

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Movin' Out, Inc. (a nonprofit organization) which comprise the consolidated statement of financial position as of December 31, 2015 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.

Management's Responsibility for the Consolidated 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 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 audit. We conducted our audit 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 and the provisions in the *Department of Health Services Audit Guide*, issued by the State of Wisconsin Department of Health Services. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 Movin' Out, Inc. as of December 31, 2015 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary schedules as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the State Single Audit Guidelines, the *Department of Health Services Audit Guide*, and the Dane County Department of Human Services, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards* and the *Department of Health Services Audit Guide*, we have also issued our report dated June 3, 2016 on our consideration of Movin' Out, 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 the 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 Movin' Out, Inc.'s internal control over financial reporting and compliance.

Johnson Block & Company, Inc.

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Certified Public Accountants

MOVIN' OUT, INC.
Madison, Wisconsin

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2015

	Consolidated Balance
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 674,766
Contracts and grants receivable	198,570
Accounts receivable	27,751
Prepaid expenses	21,151
Total current assets	922,238
Fixed Assets:	
Land	1,451,987
Buildings	6,865,667
Equipment	19,223
Less: Accumulated depreciation	(1,389,392)
Net fixed assets	6,947,485
Noncurrent Assets:	
Restricted cash	615,718
Notes receivable from home buyers	413,085
Notes receivable - other	4,662,146
Investment	18,860
Total noncurrent assets	5,709,809
TOTAL ASSETS	\$ 13,579,532
LIABILITIES AND NET ASSETS	
Current Liabilities:	
Accounts payable	\$ 131,506
Accrued payroll	27,193
Developer commissions payable	65,704
Security deposits	26,218
Deferred revenue	11,827
Current portion of notes payable	77,068
Total current liabilities	339,516
Long-term Liabilities:	
Notes payable	11,794,384
Total long-term liabilities	11,794,384
Total liabilities	12,133,900
Net Assets:	
Unrestricted	955,639
Temporarily restricted	479,993
Permanently restricted	10,000
Total Net Assets	1,445,632
TOTAL LIABILITIES AND NET ASSETS	\$ 13,579,532

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

MOVIN' OUT, INC.
Madison, Wisconsin

CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2015

	Consolidated Balance
<u>Unrestricted Net Assets</u>	
Revenues:	
Contracts	\$ 122,374
Grants	25,000
In-kind contributions	38,376
Counseling and loan program fees	171,273
Development fees	230,779
Rehab grants	246,175
Down payment assistance	444,000
Interest & other	4,923
Contributions	170,838
Property management fees	12,090
Rental income	492,367
Financing revenue	48,196
Net assets released from restrictions	28,205
Total Revenues	2,034,596
Expenses:	
Salaries, taxes & benefits	522,836
Developer commissions	89,877
Contract personnel	29,385
Occupancy & operations	76,505
Training & travel	5,155
Professional fees	81,159
Program costs-Housing counseling	9,184
Program costs-Development	14,373
Rehab awards	244,718
HOME down payment assistance	444,000
Movin' Out Homestead grants	5,248
Mortgage interest on rental properties	93,227
Depreciation on rental properties	250,889
Other depreciation	2,242
Financing costs	8,848
Rental costs	227,406
Total Expenses	2,105,052
Increase (Decrease) in Unrestricted Net Assets	(70,456)
<u>Temporarily Restricted Net Assets</u>	
Grants	46,000
Donations	21,700
Interest	1,550
Net assets released from restrictions	(28,205)
Increase (Decrease) in Temporarily Restricted Net Assets	41,045
Net Assets at Beginning of Year	1,475,043
Net Assets at End of Year	\$ 1,445,632

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

MOVIN' OUT, INC.
Madison, Wisconsin

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2015

	Housing Counseling	Rental Housing	Development Program	Supporting Services	TOTAL
Salaries, taxes & benefits	\$ 264,280	\$ 89,746	\$ 116,066	\$ 52,744	\$ 522,836
Developer commissions	-	-	89,877	-	89,877
Contract personnel	15,868	4,702	6,465	2,351	29,385
Occupancy & operations	41,313	12,241	16,831	6,120	76,505
Professional fees	43,826	12,985	17,855	6,493	81,159
Training & travel	2,784	825	1,134	412	5,155
REHAB awards	244,718	-	-	-	244,718
HOME down payment assistance	444,000	-	-	-	444,000
Movin' Out Homestead grants	5,248	-	-	-	5,248
Mortgage interest on rental properties	-	93,227	-	-	93,227
Depreciation on rental properties	-	250,889	-	-	250,889
Other depreciation	1,211	359	493	179	2,242
Financing costs	-	-	-	8,848	8,848
Program costs	9,184	227,406	14,373	-	250,963
Total Expenses	\$ 1,072,431	\$ 692,379	\$ 263,094	\$ 77,148	\$ 2,105,052

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

MOVIN' OUT, INC.
Madison, Wisconsin
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2015

<u>Cash Flows from Operating Activities:</u>	
(Decrease) in Net Assets	\$ (29,411)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	253,131
Loss on disposal of assets	1,850
Changes in:	
Accounts/contracts receivable	9,497
Prepaid expenses	(373)
Accounts payable	30,620
Accrued payroll	6,325
Developer commissions payable	65,704
Deferred revenue	(30,679)
Security deposits	5,040
Net cash provided (used) by operating activities	<u>311,704</u>
 <u>Cash Flows from Investing Activities</u>	
Change in restricted cash	(8,069)
Loans to others	(696,195)
Loans to home buyers	3,099
Improvements to rental units	(27,824)
Change in other investment	(51)
Net cash provided (used) by investing activities	<u>(729,040)</u>
 <u>Cash Flows from Financing Activities</u>	
Loan proceeds	648,000
Principal payments	(33,463)
Payments on capital lease	(1,868)
Net cash provided (used) by financing activities	<u>612,669</u>
 Increase (decrease) in cash	 195,333
 Cash at beginning of year	 <u>479,433</u>
 Cash at end of year	 <u><u>\$ 674,766</u></u>
 <u>Supplemental Disclosures</u>	
Interest paid during the year	<u><u>\$ 93,227</u></u>

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

MOVIN' OUT, INC.
Madison, Wisconsin
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015

1. Summary of Significant Accounting Policies

Organization

Movin' Out, Inc. (Movin' Out) is a nonprofit organization that assists people with disabilities to secure community-integrated, safe, and affordable housing solutions. Hundreds of assisted households own their own homes or rent homes owned by Movin' Out.

Movin' Out's wholly-owned subsidiaries include the following limited liability companies: North Lawn, LLC (North Lawn), Hilton Drive, LLC (Hilton), Eldorado Lane, LLC (Eldorado), Cameron Drive, LLC (Cameron), Midvale WISH, LLC (Midvale), Brian WISH, LLC (Brian), Watts WISH, LLC (Watts), Maple Valley WISH, LLC (Maple Valley), Ponwood Circle LLC (Ponwood), Prospect Circle, LLC (Prospect), Stonebridge Movin' Out II, LLC (Stonebridge, LLC), Marcy Road, LLC (Marcy), Marcia Avenue, LLC (Marcia), 805 Troy Drive, LLC, (Troy), Crest Line Drive, LLC (Crest Line), N. 18th Avenue, LLC (18th), MacArthur Street, LLC (MacArthur), Movin' Out Development, LLC (Movin' Out Development), Movin' Out Taxable, LLC (Movin' Out Taxable), Movin' Out Waterloo MM, LLC (Waterloo MM), and Movin' Out Stoughton MM, LLC (Stoughton MM).

Financial Statement Presentation

Movin' Out is required to report information regarding financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. The consolidated financial statements include the accounts of Movin' Out, its wholly-owned subsidiaries and controlled affiliates: Stonebridge Movin' Out, Inc. (Stonebridge, Inc.), Northport Movin' Out, Inc. (Northport), and Harbor House Movin' Out (Harbor House). All material inter-organization transactions have been eliminated.

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

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the organization considers all highly liquid debt instruments with a maturity of three months or less as of the purchase date to be cash equivalents.

Receivables

The organization considers all receivables to be fully collectible; accordingly, no allowance for doubtful accounts is reflected.

Unconditional promises to give are recorded as receivables and revenues in the period received. Conditional promises to give are recorded only when the conditions are substantially met and the promises become unconditional.

MOVIN' OUT, INC.
Madison, Wisconsin
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015

1. Summary of Significant Accounting Policies (Continued)

Inventory

Materials and supplies are charged to expense during the period of purchase. Inventory balances are not material to these financial statements.

Investments

Investments consist of Movin' Out's contributions to various development projects, as well as an interest in Movin' Out Stoughton, LLC, Madison and Main, LLC, Meadow Ridge Waukesha, LLC, Pinney Lane Apartments, LLC, Mirus Wisconsin Dells, LLC, Monroe Street Apartments, LLC, and Globe Apartments, LLC. Movin' Out has a 0.01% interest in Meadow Ridge Waukesha, LLC, Movin' Out Stoughton, LLC, and Madison and Main, LLC as the managing member. Movin' Out has a .005% interest in Monroe Street Apartments, LLC as the managing member. Movin' Out has a .001% interest in Globe Apartments, LLC as the managing member. Movin' Out has a .0051% interest in Mirus Wisconsin Dells, LLC, and Pinney Lane Apartments, LLC as the managing member. Unrelated parties have the remaining interest as the investment members. The investments are accounted for under the cost method.

Property and Equipment

Expenditures for property and equipment in excess of \$5,000 are capitalized. Depreciation on equipment is calculated on a straight line basis over 3 to 5 years. Depreciation on buildings is calculated on a straight line basis over 27.5 years.

Income Taxes

The organization and its controlled affiliates are nonprofit corporations, incorporated under the Wisconsin Nonstock Corporation Law (Chapter 181 of the Wisconsin Statutes). The organizations are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and exempt from Wisconsin franchise or income tax. North Lawn, Hilton, Eldorado, Cameron, Midvale, Brian, Watts, Maple Valley, Prospect, Marcy, Marcia, Troy, 18th, MacArthur, Stoughton MM, Stonebridge LLC, Crest Line, Ponwood and Movin' Out Development are limited liability companies. The net income or loss of limited liability companies is passed through and taxed to the owners. The income earned by Movin' Out from its ownership of the LLC's is in accordance with Movin' Out's tax-exempt purpose and therefore is not taxable income to Movin' Out.

Movin' Out's federal exempt organization tax returns are subject to examination by the Internal Revenue service, generally for three years after they are filed. With few exceptions, Movin' Out is no longer subject to such examinations for years before 2012.

Functional Allocation of Expenses

Personnel expenses are allocated to the various program and supporting services based on actual time spent on each function as logged by employees in the organization's personnel database. The remaining expenses are specifically allocated whenever practical, or are allocated based on staff time.

MOVIN' OUT, INC.
Madison, Wisconsin
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015

1. Summary of Significant Accounting Policies (Continued)

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is 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.

Contributions of donated noncash assets are recorded at their fair market values in the period received. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the organization. During 2015 Movin' Out recognized \$38,376 in noncash contributions for contributed legal services.

Subsequent Events

Movin' Out evaluated subsequent events for disclosure through June 3, 2016, which is the date the financial statements were available to be issued.

Concentration of Credit Risk

As of December 31, 2015 Movin' Out had \$502,829 of deposits at a financial institution in excess of federally insured limits exposed to credit risk as follows:

Collateralized by securities held by the pledging financial institution	\$426,379
Uncollateralized and uninsured	<u>76,450</u>
Total	<u><u>\$502,829</u></u>

2. Restricted Cash

Movin' Out, Inc. maintains restricted cash accounts per Department of Housing and Urban Development regulations. At December 31, 2015, Movin' Out, Inc. had the following restricted cash accounts for Stonebridge, Inc., Harbor House and Northport:

Replacement Reserves	\$578,651
Residual Receipts	<u>37,067</u>
Total	<u><u>\$615,718</u></u>

MOVIN' OUT, INC.
Madison, Wisconsin
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015

3. Fixed Assets and Depreciation

Changes in fixed assets and accumulated depreciation are summarized below:

	<u>Land</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Accumulated Depreciation</u>
Balance at 1/1/15	\$ 1,453,837	\$ 6,837,843	\$ 19,223	\$ 1,136,260
Additions	-	27,824	-	-
Disposals	(1,850)	-	-	-
Depreciation	-	-	-	253,132
Balance at 12/31/15	<u>\$ 1,451,987</u>	<u>\$ 6,865,667</u>	<u>\$ 19,223</u>	<u>\$ 1,389,392</u>

4. Notes Receivable

Notes receivable at December 31, 2015 consist of the following:

Notes Receivable from home buyers	\$ 413,085
Notes Receivable – Other	<u>4,662,146</u>
Total Notes Receivable	<u>\$5,075,231</u>

5. Notes Payable

A. Rental Program

Movin' Out, North Lawn, Hilton, Eldorado, Cameron, Watts, Maple Valley, Prospect, Marcy, Troy, Ponwood, 18th, MacArthur, Stonebridge, LLC and Stonebridge, Inc. borrowed money from the City of Madison and others to purchase 17 residential properties for the purpose of providing housing to people with disabilities and limited incomes. Terms of these loans are as follows:

Notes payable to the City of Madison; Due upon the sale, change in use or transfer of the properties.
Interest-fee, although the City may share in gains in equity. Secured by mortgages on the property.

Rental Program	\$1,032,729
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MOVIN' OUT, INC.
Madison, Wisconsin
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015

5. Notes Payable (Continued)

B. Other Deferred Notes Payable

Note payable to Harold A. Smith and M. Jane Thomas for Hilton property. Due upon the earlier of transfer of ownership to a third party or upon the borrower's ability to refinance the loan without adversely affecting the properties use. Interest-free although the lender may share in the gain in equity. Secured by mortgage on the property.	36,000
Note payable to Waukesha County for 18 th property. Interest free. Due upon the sale, change in use or transfer of the property. Forgivable on 12/29/2028.	160,500
Note payable to Wisconsin Department of Commerce for Prospect property. Interest free. Due upon the sale, change in use or transfer of the property. Forgivable in 2028.	184,800
Note payable to U.S. Department of Housing & Urban Development for Stonebridge, Inc. property. Interest free. Due upon change in use of the property. Matures on December 1, 2049, at which time it is deemed paid and discharged.	1,284,128
Note payable to Dane County for MO Stoughton property. Interest free. Due upon sale, transfer or change in use of the property, or upon the expiration of the period of availability, which is 20 years from date of occupancy plus 1 day.	371,257
Note payable to Milwaukee County for Bradley Crossing property. Interest free. Due upon sale, transfer or change in use of the property, or upon the expiration of the period of availability, which is December 20, 2041.	500,000
Note payable to Milwaukee County for 90 Greendale property. Interest free. Due upon sale, transfer or change in use of the property, or upon the expiration of the period of availability, which is December 31, 2041.	553,500
Note payable to Milwaukee County for Northport, Inc. property. Interest free. Due upon sale, transfer or change in use of the property, or upon the expiration of the period of availability, which is December 31, 2041.	368,112
Note payable to Waukesha County for New Berlin City Center property. Interest free. Due upon sale, transfer or change in use of the property. Repayment is deferred until December 1, 2017, after which payments will be made in annual installments of \$22,222.	555,555

MOVIN' OUT, INC.
Madison, Wisconsin
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015

5. Notes Payable (Continued)

B. Other Deferred Notes Payable (Continued)

Note payable to Waukesha County for Oconomowoc School Apartments. Interest free. Due upon sale, transfer or change in use of the property. Matures on January 28, 2043 at which time a balloon payment for the entire principal is due.	161,000
Note payable to Dane County for MO Middleton property. Interest free. Due upon sale, transfer or change in use of the property.	440,639
Note payable to U.S. Department of Housing & Urban Development for Northport, Inc. property. Interest free. Due upon change in use of the property. Matures on December 1, 2049, at which time it is deemed paid and discharged.	1,363,400
Note payable to U.S. Department of Housing & Urban Development for Harbor House, Inc. property. Interest free. Due upon change in use of the property. Matures on January 29, 2053, at which time it is deemed paid and discharged.	1,925,200
Note payable to Waukesha County for Globe Apartments. Interest equal to the Long Term Applicable Federal Rate. Due upon sale, transfer or change in use of the property. Repayment is deferred until 2018 at which time annual interest payments are made. Principal is due upon maturity in 2043.	435,000
Note payable to Federal Home Loan Bank of Chicago for Globe Apartments. Interest free. Due upon sale, transfer or change in use of the property. Principal is due upon maturity on November 19, 2027.	344,000
Note payable to Bank Mutual for Ponwood property. Interest free. Due upon sale, transfer or change in use of the property. Matures on August 31, 2022, at which time it is deemed paid and discharged.	7,000
Note payable to Choice Bank for Monroe Street Apartments. Interest free. Due upon sale, transfer or change in use of the property. Principle is due upon maturity on April 7, 2045	228,000
Note payable to BMO Harris Bank N.A. for Pinney Lane Apartments. Interest free. Due upon sale, transfer or change in use of the property. Principle is due upon maturity on March 12, 2045	420,000

MOVIN' OUT, INC.
Madison, Wisconsin
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015

5. Notes Payable (Continued)

C. Other Notes Payable

Note payable to Bank Mutual with interest at 5.65% for North Lawn property. Payable in monthly installments of principal and interest. Matures on 8/1/39. Secured by a mortgage on the property.	135,898
Note payable to Bank Mutual with interest at 6.65% for Eldorado property. Payable in monthly installments of principal and interest. Matures on 1/1/37. Secured by a mortgage on the property.	88,969
Note payable to Bank Mutual with interest at 6.65% for Hilton property. Payable in monthly installments of principal and interest. Matures on 1/1/37. Secured by a mortgage on the property.	111,646
Note payable to Bank Mutual with interest at 6.35% for Cameron property. Payable in monthly installments of principal and interest. Matures on 4/1/37. Secured by a mortgage on the property.	94,534
Note payable to Forward Community Investments with interest at 6.0% for Midvale property. Payable in monthly installments of principal and interest. Matures on 10/29/16 with a balloon payment due. Secured by a second mortgage on property.	43,411
Note payable to Bank Mutual with interest at 5.625% for Midvale property. Payable in monthly installments of principal and interest. Matures on 10/1/34. Secured by a mortgage on property.	152,242
Note payable to Bank Mutual with interest at 6.0% for Watts property. Payable in monthly installments of principal and interest. Matures on 7/1/35. Secured by a mortgage on property.	38,075
Note payable to Bank Mutual with interest at 6.0% for Brian property. Payable in monthly installments of principal and interest. Matures on 8/1/35. Secured by a mortgage on property.	116,138
Note payable to Bank Mutual with interest at 6.25% for Maple Valley property. Payable in monthly installments of principal and interest. Matures on 12/1/35. Secured by a mortgage on property.	195,841
Note payable to Bank Mutual with interest at 6.65% for 18 th property. Payable in monthly installments of principal and interest. Matures on 1/17/39. Secured by a mortgage on property.	102,424
Note payable to Bank Mutual with interest at 6.125% for Prospect property. Payable in monthly installments of principal and interest. Matures on 4/1/38. Secured by a mortgage on property.	62,486

MOVIN' OUT, INC.
Madison, Wisconsin
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015

5. Notes Payable (Continued)

C. Other Notes Payable (Continued)

Note payable to Bank Mutual with interest at 6.5% for Independence property. Payable in monthly installments of principal and interest. Matures on 4/1/41. Secured by a mortgage on property.	47,052
Note payable to Bank Mutual with interest at 6.65% for MacArthur property. Payable in monthly installments of principal and interest. Matures on 12/1/38. Secured by a mortgage on property.	74,325
Note payable to Bank Mutual with interest at 6.65% for Marcy property. Payable in monthly installments of principal and interest. Matures on 1/1/40. Secured by a mortgage on property.	87,380
Note payable to Bank Mutual with interest at 6.0% for Stonebridge II property. Payable in monthly installments of principal and interest. Matures on 12/1/39. Secured by a mortgage on property.	45,699
Note payable to Bank Mutual with interest at 6.0% for Marcia property. Payable in monthly installments of principal and interest. Matures on 9/1/25. Secured by a mortgage on property.	5,969
Note payable to Bank Mutual with interest at 6.65% for Ponwood property. Payable in monthly installments of principal and interest. Matures on 11/1/36. Secured by a mortgage on property.	22,596
Note payable to Bank Mutual with interest at 4.5% for Troy property. Payable in monthly installments of principal and interest. Matures on 12/1/42. Secured by a mortgage on property.	<u>75,947</u>
	11,871,452
Less: current maturities	<u>(77,068)</u>
Total	<u>\$11,794,384</u>

Future maturities are as follows:

2016	\$	77,068	
2017		35,762	
2018		38,001	
2019		40,385	
2020		42,910	
2021 and future years		1,427,506	
Due upon sale or change in use		<u>10,209,820</u>	
		<u>\$ 11,871,452</u>	

MOVIN' OUT, INC.
Madison, Wisconsin
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015

6. Restricted Net Assets

Temporarily restricted net assets consist of the following at December 31, 2015:

Purpose Restrictions:	
HCRI	\$ 292,465
Interest on replacement reserves	4,033
DOH-Home loans	120,000
Homestead Fund	23,495
Time Restrictions:	
Future period	<u>40,000</u>
Total Temporarily Restricted Net Assets	<u>\$ 479,993</u>

Permanently restricted net assets consist of the following at December 31, 2015:

Investment in Uplands	<u>\$ 10,000</u>
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7. Leases

The Organization leases office and parking space in Madison, Wisconsin under an operating lease that ends on April 15, 2016. Rent expense was \$39,083 for 2015. Minimum rent payments for 2016 under the lease are \$8,050.

8. Retirement Plan

The Organization established a qualified 401(k) plan in 2009. Employees who work a minimum of 60 hours per two-week pay period are eligible to participate in the plan. The Organization contributes 3% of salaries for all eligible employees. Contributions to the plan during 2015 were \$11,601.

9. Commitments and Contingencies

Elven Stead Apartments

Through its wholly owned subsidiary, Movin' Out Stoughton MM, LLC, Movin' Out is the managing member of Movin' Out Stoughton, LLC. Movin' Out Stoughton, LLC (the company) has developed a 33-unit apartment project called Elven Stead Apartments (the project). In its role as managing member, Movin' Out has several guarantees related to the project:

Operating deficit guaranty

The project operating agreement provides for an operating deficit guaranty which requires the managing member to loan the company funds required to pay operating deficits incurred during the operating deficit period after funds from the operating reserve have been used. The operating deficit guaranty is limited to \$119,335. The operating deficit period begins on the date the project achieves stabilized occupancy and expires on the later of the date the company achieves 36 consecutive months of a debt service coverage ratio of at least 1.15, five years from the achievement of stabilized occupancy or five years after closing of the permanent loan. Any loans under this agreement shall not bear interest and shall be payable from net operating income or sale or refinancing proceeds, as provided in the operating agreement. There were no operating deficit loans as of December 31, 2015.

MOVIN' OUT, INC.
Madison, Wisconsin
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015

9. Commitments and Contingencies (Continued)

Development completion guaranty

Under terms of the operating agreement, the managing member is obligated to complete the required rehabilitation of the project and to fund any operating deficits prior to the achievement of stabilized occupancy. In the event the company lacks sufficient funds from the member capital contributions and proceeds from the construction and permanent mortgages to pay for the rehabilitation costs, the managing member is obligated to provide such funds to the company in the form of an unsecured loan. Such obligation is unlimited. Any loans under this agreement shall not bear interest and shall be payable in accordance with the operating agreement. There were no development loans as of December 31, 2015.

Tax increment guaranty

Under terms of the development agreement with the City of Stoughton for Elven Sted, Movin' Out received development incentives from the City (through its wholly owned subsidiary Movin' Out Development). It is intended that tax increment payments from the project be sufficient to repay the City for its financial contributions to the project. In the event they are insufficient, Movin' Out guarantees that, beginning in calendar year 2013, the City will receive actual tax increments from the project in an amount not less than \$610,753, plus interest of 5 percent per year accruing from January 1, 2012 and amortized over 25 years. Annual minimum payments range from approximately \$30,000 to \$50,000 per year.

Monroe Street Apartments

Movin' Out Waterloo MM, LLC (MM) is a wholly owned subsidiary of Movin' Out, Inc. (MOI). MM is the managing member of Monroe Street Apartments, LLC (the Company). The Company has developed and owns and operates a 24-unit apartment project called Monroe Street Apartments (the Project). The other members of the Company are Mirus Waterloo, LLC (Mirus), CREA Waterloo, LLC and CREA SLP, LLC (Investor). Investor owns 99.99% of the total member interests in the Company.

MM and MOI have provided a number of guarantees to others in connection with the development, construction, financing and operation of the Project. These include the following.

Guarantee from MOI and others to the city of Waterloo of payment of tax incremental financing revenue for the years 2018 through 2028, which obligation is expected to be discharged by payment by the Company of assessed real property taxes on the Project.

Unlimited Continuing Payment Guaranty, dated April 7, 2015, from MM and MOI to Choice Bank for all obligations of the Company, principally the \$2,900,000 construction loan from the bank to the Company originated April 1, 2015 which is due and payable March 31, 2017. Payment of the loan is expected from \$700,000 term loan to the Company and capital contributions from the Investor.

MOVIN' OUT, INC.
Madison, Wisconsin
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015

9. Commitments and Contingencies (Continued)

Monroe Street Apartments (Continued)

As provided in the Guaranty Agreement and in the Amended and Restated Operating Agreement of the Company, each dated April 1, 2015, MM, MOI and others jointly and severally guaranty to Investor:

- Payment by MM and Mirus of \$50.00 each as capital contributions to the Company
- Performance of various commercial representations, warranties and obligations
- Project construction completion before July 1, 2016 (note, completion was attained December 31, 2015)
- Payment of all Project operating deficits for five years following stabilized operations
- Initial funding of certain reserves
- Achievement of timely qualified occupancy of the Project
- Procurement of acceptable permanent financing for the Project
- Payment to the Investor of the value of any projected but lost or delayed low-income housing tax credits to be generated through the Project through 2030
- Purchase of the Investor's member interest under certain conditions
- Payment and performance by the Project developer (affiliates of MOI and Mirus) of all obligations to the Company

10. Subsequent Event

Beginning in April 2016, Movin' Out began leasing office space at a new location. The original term of the lease expires after fifteen years. Movin' Out has the option to renew the lease for two additional five year terms.

SUPPLEMENTAL INFORMATION

MOVIN' OUT, INC.
Madison, Wisconsin
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2015

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Expenditures
<u>FEDERAL PROGRAMS</u>		
U.S. Department of Housing and Urban Development		
Supportive Housing for Persons with Disabilities - Deferred Loans	14.181	\$ 4,572,728
Supportive Housing for Persons with Disabilities	14.181	98,749
		<u>4,671,477</u>
Housing Counseling Assistance Program	14.169	<u>16,170</u>
Pass-through program from -		
Dane County Office of Economic and Workforce Development Community Development Block Grant	14.218	105,003
Waukesha County - Deferred Loan Community Development Block Grant	14.218	161,000
		<u>266,003</u>
Wisconsin Department of Commerce - Deferred HOME Loan	14.239	184,800
Dane County - Deferred HOME Loans	14.239	811,897
Milwaukee County - Deferred HOME Loans	14.239	1,421,612
Milwaukee County - HOME Funds	14.239	70,410
Waukesha County - Deferred HOME Loan	14.239	1,151,055
City of Madison - Deferred HOME Loans	14.239	1,032,729
City of Madison - HOME Funds	14.239	359,337
HOME Investment Partnerships - "HOME Program"	14.239	<u>5,031,840</u>
Total U.S. Department of Housing and Urban Development		<u>9,985,490</u>
U.S. Department of Health and Human Services		
Dane County Department of Human Services Medical Assistance	93.778	<u>36,737</u>
Total U.S. Department of Health and Human Services		<u>36,737</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u><u>\$ 10,022,227</u></u>

MOVIN' OUT, INC.
Madison, Wisconsin
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (continued)
For the Year Ended December 31, 2015

State Grantor/ Pass-through Grantor/ Program Title	State ID Number	Expenditures
<u>STATE PROGRAMS</u>		
Wisconsin Department of Administration Housing Cost Reduction Initiative	505.703A	\$ 7,235
Wisconsin Department of Health Services Pass-through program from Dane County Department of Human Services		
CIP 1A	435.580	2,598
CIP 1B	435.564	21,644
Brain Injury Waiver	435.506	<u>250</u>
TOTAL EXPENDITURES OF STATE AWARDS		<u>\$ 31,727</u>

MOVIN' OUT, INC.
Madison, Wisconsin
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (continued)
For the Year Ended December 31, 2015

Note 1 BASIS OF PRESENTATION

The accompanying "Schedule of Expenditures of Federal and State Awards" includes the federal and state grant activity of Movin' Out, Inc. and is presented on the accrual basis of accounting and in accordance with the requirements of Office of Management and Budget Compliance Supplement and the *Department of Health Services Audit Guide*. Some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the consolidated financial statements.

MOVIN' OUT, INC.
Madison, Wisconsin
CONSOLIDATED SCHEDULE OF UNRESTRICTED REVENUES AND EXPENSES
ALLOCATED BY PROGRAM

For the Year Ended December 31, 2015

	Housing Counseling	Rental Housing	Development Program	Supporting Services	TOTAL
<u>Revenues and Support</u>					
Contracts	122,374	-	-	-	122,374
Grants	20,000	30,000	5,000	-	55,000
Counseling & loan program fees:	177,273	-	-	-	177,273
Development Fees	-	-	230,779	-	230,779
REHAB grants	246,175	-	-	-	246,175
HOME down payment assistance	444,000	-	-	-	444,000
Rental income	-	492,368	-	-	492,368
Property management fees	-	12,090	-	-	12,090
Financing revenue	-	-	-	48,196	48,196
Contributions	-	-	-	192,538	192,538
Interest & other	-	-	-	5,149	5,149
Total Revenues and Support	1,009,822	534,458	235,779	245,883	2,025,942
<u>Expenses</u>					
Salaries, taxes & benefits	264,280	89,746	116,066	52,744	522,836
Developer commissions	-	-	89,877	-	89,877
Contract personnel	15,868	4,702	6,465	2,350	29,385
Occupancy & operations	42,523	12,622	17,324	6,278	78,747
Professional fees	23,103	6,845	9,412	3,423	42,783
Training & travel	2,784	825	1,134	412	5,155
REHAB awards	244,718	-	-	-	244,718
HOME down payment assistance	444,000	-	-	-	444,000
Movin' Out Homestead grants	-	-	-	5,248	5,248
Mortgage interest on rental properties	-	93,227	-	-	93,227
Depreciation on rental properties	-	250,889	-	-	250,889
Financing costs	-	-	-	8,848	8,848
Program costs	9,184	227,406	14,373	-	250,963
Total Expenses	1,046,460	686,262	254,651	79,303	2,066,676
Excess (Deficiency) of Revenues over Expenses	\$ (36,638)	\$ (151,804)	\$ (18,872)	\$ 166,580	\$ (40,734)

DANE COUNTY DEPARTMENT OF HUMAN SERVICES		PROVIDER AGENCY EXPENSE REPORT THROUGH:		December, 2015		
Provider Name:	Movin' Out, Inc.	Contract #:	82935	*Provider Certified By:	Timothy J Radelet	1/13/2016
Program Name:	DD HOUSING COUNSELLIN	Program Group #:	3673			Date
	1	2	3	4	5	6
	Approved	YTD	YTD	YTD	YTD	YTD
	County-Funded	County-Funded	County-Funded	County-Funded Expense	County-Funded	% Variance
	Budget	Admin Expense	Program Expense	Total (= Col. 2 + 3)	Budget	from Budget
A PERSONNEL						
Salaries	93,197	3,871	89,326	93,197	93,197	
Taxes	7,070	450	6,620	7,070	7,070	
Benefits	8,250	500	7,750	8,250	8,250	
Subtotal A	108,517	4,821	103,696	108,517	108,517	0.00%
B OPERATING						
Insurance	950	41	909	950	950	
Professional Fees	0	0	0	0	0	
Audit	0	0	0	0	0	
Data Processing Fees	2,750	118	2,632	2,750	2,750	
Postage, Office, and Program Sup	2,750	118	2,632	2,750	2,750	
Equipment/Furnishings	0	0	0	0	0	
Depreciation	0	0	0	0	0	
Telephone	850	36	814	850	850	
Training/Conference	0	0	0	0	0	
Food/Household Supplies	0	0	0	0	0	
Auto Allowance	0	0	0	0	0	
Vehicle Costs	0	0	0	0	0	
Other1: Board	0	0	0	0	0	
Other2:Other	0	0	0	0	0	
Subtotal B	7,300	313	6,987	7,300	7,300	0.00%
C SPACE						
Rent	2,975	127	2,848	2,975	2,975	
Utilities	0	0	0	0	0	
Maintenance	0	0	0	0	0	
Mortgage Interest, Depreciation,	0	0	0	0	0	
Property Taxes	0	0	0	0	0	
Subtotal C	2,975	127	2,848	2,975	2,975	0.00%
D SPECIAL COSTS						
Assistance to Individuals	0	0	0	0	0	
Subtotal D	0	0	0	0	0	#DIV/0!
E OTHER						
Other3:	0	0	0	0	0	
Other4: Certification Fees	4,138	0	4,138	4,138	4,138	
Subtotal E	4,138	0	4,138	4,138	4,138	0.00%
This section for Adult - DD only.						
F OFF-SETTING REVENUE						
Show as negative numbers:						
Government Benefits (SSI, SSDI, etc.)				0		
Private Pay (Trust Funds, etc.)				0		
Cost Share				0		
Other				0		
Subtotal F	0	0	0	0	0	#DIV/0!
TOTAL A THROUGH F	122,930	5,261	117,669	122,930	122,930	0.00%
*CERTIFICATION: I certify the expenses listed above are true, correct, and allowable, in the amount stated and have not been reimbursed heretofore.						

MOVIN' OUT, INC.
Madison, Wisconsin

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2015

	<u>Movin' Out</u>	<u>Stonebridge Movin' Out, Inc.</u>	<u>Northport Movin' Out, Inc.</u>	<u>Harbor House Movin' Out, Inc.</u>	<u>Eliminations</u>	<u>Consolidated Balance</u>
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 637,801	\$ 11,166	\$ 8,152	\$ 17,647	\$ -	\$ 674,766
Contracts and grants receivable	198,570	-	-	-	-	198,570
Accounts receivable	15,661	-	-	-	-	15,661
Management Fees receivable	12,090	-	-	-	-	12,090
Prepaid expenses	21,151	-	-	-	-	21,151
Total current assets	<u>885,273</u>	<u>11,166</u>	<u>8,152</u>	<u>17,647</u>	<u>-</u>	<u>922,238</u>
Fixed Assets:						
Land	676,904	120,981	474,529	179,573	-	1,451,987
Buildings	3,072,364	1,090,906	1,086,240	1,616,157	-	6,865,667
Equipment	19,223	-	-	-	-	19,223
Less: Accumulated depreciation	(844,926)	(239,610)	(184,872)	(119,984)	-	(1,389,392)
Net fixed assets	<u>2,923,565</u>	<u>972,277</u>	<u>1,375,897</u>	<u>1,675,746</u>	<u>-</u>	<u>6,947,485</u>
Noncurrent Assets:						
Restricted cash	-	172,692	134,225	308,801	-	615,718
Receivable from affiliate	9,626	-	-	-	(9,626)	-
Notes receivable from home buyers	413,085	-	-	-	-	413,085
Notes receivable - other	4,662,146	-	-	-	-	4,662,146
Investment in rental projects	18,860	-	-	-	-	18,860
Total noncurrent assets	<u>5,103,717</u>	<u>172,692</u>	<u>134,225</u>	<u>308,801</u>	<u>(9,626)</u>	<u>5,709,809</u>
TOTAL ASSETS	<u>\$ 8,912,555</u>	<u>\$ 1,156,135</u>	<u>\$ 1,518,274</u>	<u>\$ 2,002,194</u>	<u>\$ (9,626)</u>	<u>\$ 13,579,532</u>
LIABILITIES AND NET ASSETS						
Current Liabilities:						
Accounts payable	\$ 119,744	\$ 5,775	\$ 4,195	\$ 1,792	\$ -	\$ 131,506
Payable to affiliate	-	-	-	9,626	(9,626)	-
Accrued payroll	27,193	-	-	-	-	27,193
Developer commissions payable	65,704	-	-	-	-	65,704
Security deposits	15,194	3,686	3,002	4,336	-	26,218
Deferred revenue	7,617	4,210	-	-	-	11,827
Current portion of notes payable	77,068	-	-	-	-	77,068
Total current liabilities	<u>312,520</u>	<u>13,671</u>	<u>7,197</u>	<u>15,754</u>	<u>(9,626)</u>	<u>339,516</u>
Long-term Liabilities:						
Notes payable	6,602,702	1,364,970	1,731,512	2,095,200	-	11,794,384
Total long-term liabilities	<u>6,602,702</u>	<u>1,364,970</u>	<u>1,731,512</u>	<u>2,095,200</u>	<u>-</u>	<u>11,794,384</u>
Total liabilities	<u>6,915,222</u>	<u>1,378,641</u>	<u>1,738,709</u>	<u>2,110,954</u>	<u>(9,626)</u>	<u>12,133,900</u>
Net Assets (Deficit):						
Unrestricted	1,511,373	(223,258)	(221,120)	(111,356)	-	955,639
Temporarily restricted	475,960	752	685	2,596	-	479,993
Permanently restricted	10,000	-	-	-	-	10,000
Total Net Assets (Deficit)	<u>1,997,333</u>	<u>(222,506)</u>	<u>(220,435)</u>	<u>(108,760)</u>	<u>-</u>	<u>1,445,632</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,912,555</u>	<u>\$ 1,156,135</u>	<u>\$ 1,518,274</u>	<u>\$ 2,002,194</u>	<u>\$ (9,626)</u>	<u>\$ 13,579,532</u>

MOVIN' OUT, INC.
Madison, Wisconsin

CONSOLIDATING STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2015

	Movin' Out	Stonebridge Movin' Out, Inc.	Northport Movin' Out, Inc.	Harbor House Movin' Out, Inc.	Eliminations	Consolidated Balance
<u>Unrestricted Net Assets</u>						
Revenues:						
Contracts	\$ 122,374	\$ -	\$ -	\$ -	\$ -	\$ 122,374
Grants	25,000	-	-	-	-	25,000
In-kind contributions	38,376	-	-	-	-	38,376
Counseling and loan program fees	171,273	-	-	-	-	171,273
Development fees	230,779	-	-	-	-	230,779
Rehab grants	246,175	-	-	-	-	246,175
Down payment assistance	444,000	-	-	-	-	444,000
Interest & other	2,710	1	2,211	1	-	4,923
Contributions	170,838	-	-	-	-	170,838
Property management fees	73,020	-	-	-	(60,930)	12,090
Rental income	286,790	66,412	73,876	65,289	-	492,367
Financing revenue	48,196	-	-	-	-	48,196
Net assets released from restrictions	28,205	-	-	-	-	28,205
Total Revenues	1,887,736	66,413	76,087	65,290	(60,930)	2,034,596
Expenses:						
Salaries, taxes & benefits	522,836	-	-	-	-	522,836
Developer commissions	89,877	-	-	-	-	89,877
Contract personnel	29,385	-	-	-	-	29,385
Occupancy & operations	76,505	-	-	-	-	76,505
Training & travel	5,155	-	-	-	-	5,155
Professional fees	69,031	24,455	24,348	24,255	(60,930)	81,159
Program costs-Housing counseling	9,184	-	-	-	-	9,184
Program costs-Development	14,373	-	-	-	-	14,373
Rehab awards	244,718	-	-	-	-	244,718
HOME down payment assistance	444,000	-	-	-	-	444,000
Movin' Out Homestead grants	5,248	-	-	-	-	5,248
Mortgage interest on rental properties	93,227	-	-	-	-	93,227
Depreciation on rental properties	112,019	39,665	40,786	58,419	-	250,889
Other depreciation	2,242	-	-	-	-	2,242
Financing costs	8,848	-	-	-	-	8,848
Rental costs	84,517	45,115	63,702	34,072	-	227,406
Total Expenses	1,811,165	109,235	128,836	116,746	(60,930)	2,105,052
Increase (Decrease) in Unrestricted Net Assets	76,571	(42,822)	(52,749)	(51,456)	-	(70,456)
<u>Temporarily Restricted Net Assets</u>						
Grants	46,000	-	-	-	-	46,000
Donations	21,700	-	-	-	-	21,700
Interest	-	229	195	1,126	-	1,550
Net asset released from restrictions	(28,205)	-	-	-	-	(28,205)
Increase (Decrease) in Temporarily Restricted Net Assets	39,495	229	195	1,126	-	41,045
Increase (Decrease) in Net Assets	116,066	(42,593)	(52,554)	(50,330)	-	(29,411)
Net Assets (Deficit) at Beginning of Year	1,881,267	(179,913)	(167,881)	(58,430)	-	1,475,043
Net Assets (Deficit) at End of Year	<u>\$ 1,997,333</u>	<u>\$ (222,506)</u>	<u>\$ (220,435)</u>	<u>\$ (108,760)</u>	<u>\$ -</u>	<u>\$ 1,445,632</u>

OTHER REPORTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS AND THE
DEPARTMENT OF HEALTH SERVICES AUDIT GUIDE**

June 3, 2016

Board of Directors
Movin' Out, Inc.
Madison, Wisconsin

We have audited, 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 and the requirements of the *Department of Health Services Audit Guide*, issued by the Wisconsin Department of Health Services, the consolidated financial statements of Movin' Out, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 3, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Movin' Out, 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 Movin' Out, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Movin' Out, Inc.'s internal control.

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

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



Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the *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.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
Certified Public Accountants

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

June 3, 2016

Board of Directors
Movin' Out, Inc.
Madison, Wisconsin

Report on Compliance for Each Major Federal Program

We have audited Movin' Out, Inc.'s compliance of with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Movin' Out, Inc.'s major federal programs for the year ended December 31, 2015. Movin' Out, Inc.'s major federal 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 programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Movin' Out, Inc.'s major federal 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); the State Single Audit Guidelines; and the *Department of Health Services Audit Guide*, issued by the Wisconsin Department of Health Services. Those standards, the Uniform Guidance, and the State Single Audit 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 program occurred. An audit includes examining, on a test basis, evidence about Movin' Out, 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 program. However, our audit does not provide a legal determination of Movin' Out, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Movin' Out, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.



Report on Internal Control Over Compliance

Management of Movin' Out, 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 Movin' Out, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal 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 program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit 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 Movin' Out, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal 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 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 program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the State Single Audit Guidelines. Accordingly, this report is not suitable for any other purpose.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
Certified Public Accountant

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

MOVIN' OUT, INC.
Madison, Wisconsin
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	unmodified
Internal control over financial reporting:	
* Material weakness(es) identified?	no
* Significant deficiency(ies) identified?	none reported
Noncompliance material to consolidated financial statements noted?	no

Federal Awards

Internal control over major programs:	
* Material weakness(es) identified?	no
* Significant deficiency(ies) identified?	none reported
Type of auditor's report issued on compliance for major programs:	unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of the Uniform Guidance?	no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Program</u>
14.239	Home Investment Partnerships Program
14.181	Supportive Housing for Persons with Disabilities

Dollar threshold for distinguishing Types A and B programs:	\$750,000
Auditee qualified as low-risk auditee?	yes

MOVIN' OUT, INC.
Madison, Wisconsin
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2015

Section II - Financial Statement Findings

None.

Section III - Major Federal Award Program Findings

None.

Section IV - Summary Schedule of Prior Audit Findings

None.

MOVIN' OUT, INC.
Madison, Wisconsin
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2015

**Section V - Other Audit Issues Required by the
Department of Health Services Audit Guide**

Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern? no

Does the audit report show audit issues related to grants/contracts with funding agencies that require audits to be in accordance with the Department of Health Services Audit Guide?

Wisconsin Department of Health Services	no
Dane County Department of Human Services	no
Milwaukee County Department of Health and Human Services	no
City of Madison CDBG office	no

Was a management letter or other document conveying audit comments issued as a result of this audit? no

Name and signature of partner: Carrie Leonard, CPA



Date of Report June 3, 2016