

Submitted by Email:
 CDDapplications@cityofmadison.com

Board Members

James P. Carter
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Matt Frater, Community Development Specialist
 Community Development Division, City of Madison
 215 Martin Luther King, Jr. Boulevard, Suite 300
 Madison, WI 53703

March 2, 2022

Dear Matt,

Wisconsin Housing Preservation Corp. is pleased to submit this response for RFP #2022-11010, Housing Forward: Financing for Rental Housing Development. We greatly appreciate your review of our application materials for our project, Velma Apartments. As the first African American teacher hired in Madison, Velma Fern Bell Hamilton was not only a strong advocate for education but also civil rights and fair housing.

As outlined in the subsequent materials, we believe this development deeply fulfills the RFP’s goal of enhancing household, neighborhood, and community stability by providing decent, safe, sanitary and affordable housing opportunities for low- and moderate-income households in Madison. Similarly, this proposal aligns with the City of Madison’s priorities of sustainability and access to core transit given its location along the East-West bus rapid transit route while also ensuring the most vulnerable populations have access to this development. Here is a brief summary of the project’s characteristics:

	Velma Apartments
<i>Address</i>	200 Wisconsin Avenue Madison, WI 53703
<i>Affordable Housing Targeted Area Map Designation</i>	Super Preferred Area
<i>Number of Units</i>	197 total units
<i>Number of Units at 50% AMI</i>	40 units
<i>CDD Funds Requested per Affordable Unit</i>	\$75,000/unit

The application materials included in this PDF are organized as follows:

- **Rental Housing Development RFP Application Form – Agency Overview (Pages 3-7)**
- **Rental Housing Development RFP Application Form – Attachment B (Pages 8-22)**



- **Application Budget Workbook – Tabs 1-4 (Pages 23-28)**
- **Audited Financial Statement (Pages 29-107)**
- **WHPC Board Members and Home Addresses (Pages 108-109)**
- **Map of Development Site (Pages 110-111)**
- **Focus on Energy New Construction Initial Energy Design Assistance Application (Pages 112-115)**

For any questions you may have as you review the application, do not hesitate to contact me at dginger@whpccorp.com / 608-807-1767 or Megan Walela at mwalela@whpccorp.com / 608-620-9435.

Again, thank you for your review of our application materials. We look forward to the possibility of using the City's Housing Forward funds to increase the quantity of safe, quality, affordable rental housing throughout the City in an area well-served by transit and other amenities.

Sincerely,

A handwritten signature in black ink that reads "David Ginger" with a long horizontal flourish extending to the right.

David Ginger
Vice President

Housing Forward: CDD Financing for Housing Development and Housing Services Application

This application form should be used for projects seeking funding from City of Madison Request for Proposals #2022-11010; Housing Forward: CDD Financing for Rental Housing Development. Applications must be submitted electronically to the City of Madison Community Development Division by **noon on March 2, 2022**. Email to: cddapplications@cityofmadison.com

APPLICANT INFORMATION

Proposal Title:	Velma Apartments (to commemorate Velma Fern Bell Hamilton)		
	In 1950 Velma Fern Bell Hamilton was hired as an English teacher at Madison Vocational School, the predecessor to Madison Area Technical College (MATC), becoming the first African American teacher hired in Madison. Ms. Hamilton was not only a strong advocate for education but civil rights and fair housing as well. Source: Wisconsin Historical Society.		
Amount of Funds Requested:	<u>\$3,000,000</u>	Type of Project:	<input checked="" type="checkbox"/> New Development <input type="checkbox"/> Rehabilitation
Name of Applicant:	<u>Wisconsin Housing Preservation Corp. or assigns</u>		
Mailing Address:	<u>150 E Gilman St, Suite 1500, Madison, WI 53703</u>		
Telephone:	<u>608-807-1430</u>	Fax:	<u></u>
Project/Program Contact:	<u>Mike Slavish, COO</u>	Email Address:	<u>msslavish@whpccorp.org</u>
Financial Contact:	<u>Joe Carpenter, CFO</u>	Email Address:	<u>jcarpenter@whpccorp.com</u>
Website:	<u>https://www.whpccorp.org/</u>		
Legal Status:	<input type="checkbox"/> For-profit <input checked="" type="checkbox"/> Non-profit <input type="checkbox"/> Non-profit (CHDO)		
Federal EIN:	<u>30-0002040</u>	DUNS #:	<u>927097055</u>
Registered on SAM:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
Community Housing Development Organization:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> CHDO Application Attached		

AFFIRMATIVE ACTION

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

LOBBYING RESIGTRATION

Notice regarding lobbying ordinance: If you are seeking approval of a development that has over 40,000 gross square feet of non-residential space, or a residential development of over 10 dwelling units, or if you are seeking assistance from the City with a value of over \$10,000 (this includes grants, loans, TIF, or similar assistance), then you likely are subject to Madison's lobbying ordinance, sec. 2.40, MGO. You are required to register and report your lobbying. Please consult the City Clerk for more information. Failure to comply with the lobbying ordinance may result in fines of \$1,000 to \$5,000. You may register at <https://www.cityofmadison.com/clerk/lobbyists/lobbyist-registration>.

CITY OF MADISON CONTRACTS

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

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

SIGNATURE OF APPLICANT

Enter Name: David Ginger

By submitting this application, I affirm that the statements and representations are true to the best of my knowledge.

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

Date: March 1, 2022

PROPOSAL OVERVIEW

1. Please provide a brief overview of the proposal. Describe the impact of the proposed development on the community as well as other key characteristics. *(Please limit response to 300 words including spaces).*

Wisconsin Housing Preservation Corp.'s proposal would transform a vacant site in a prime location in downtown Madison into approximately 197 mixed-income rental apartments. These apartments would range in size from studios to two-bedroom apartments and would be available to a range of income levels, from 50% area median income (AMI) to market-rate. Of these 197 apartments, 40 would be available at 50% AMI, 109 would be available at 80% AMI, and the remainder would be market-rate. WHPC strives to create affordable housing communities that embody the economic and cultural diversity of Madison through thoughtful design and development practices that foster inclusivity. This project would allow residents of Madison to call this extremely desirable area "home" while providing a well-designed project that is sensitive to the neighborhood context, committed to renewable energy, and developed by a high-capacity non-profit organization whose office is a half-mile from the site.

Furthermore, this project directly fulfills the RFP's goal to increase the supply of safe, quality, affordable rental housing that ensures long-term affordability and sustainability in a "Super Preferred" area along the East-West bus rapid transit route. This proposal also aligns with Citywide priorities like sustainability, access to core transit, and ensuring the most vulnerable populations have access to this development while similarly committing to energy efficiency and universal design, as further outlined in the rest of this application.

Number of unduplicated households estimated to be served by this project: 197

AFFORDABLE HOUSING NEEDS

2. Describe your agency's knowledge of and experience in addressing affordable housing needs of the City of Madison.

With a portfolio of more than 8,400 affordable units in early 2022, WHPC is the largest provider of affordable housing in the State of Wisconsin. Of these apartments, 776 are located in the City of Madison, so WHPC has deep experience serving this population of low- and moderate-income residents in Madison--including families, seniors, and people with disabilities. WHPC is also working on several new developments that would add a few hundred additional units to our portfolio in Madison. WHPC continues growing our presence in the state and working with our valued partners comprised of municipalities, lenders, investors, management companies, and our residents to develop high-quality affordable housing in Wisconsin. Additionally, our organization is based in Madison, so we are cognizant of the city's needs and the city's assets in a way that is more intimate given it is our home base. WHPC is a high-capacity, non-profit real estate company that generates \$9 million in annual cash flow. As a prominent leader in the affordable housing industry, WHPC is proud to be on the front line of providing quality, affordable housing in Madison and throughout Wisconsin, and we hope to continue this work with this proposal.

3. Please describe the anticipated demand for the proposed target populations intended to be served. Please be specific as to which populations will be targeted, if any.

The 2020 Census demonstrated that Dane County is the fastest-growing county in the state of Wisconsin. At the same time, of all 72 Wisconsin counties, Dane County's 2020 vacancy rate was the 69th lowest statewide, signalling that too few units are available for residents. This shortage is compounded for people at the low end of the socioeconomic spectrum and especially acute for people of color, who have historically and presently faced greater barriers to finding quality housing at an affordable price. Additionally, the National Low Income Housing Coalition states in their 2021 report that for the Madison area, a rent that is affordable for someone making minimum wage is \$377--but the median rent in Madison is about \$1,100 for a one-bedroom apartment and \$1,250 for a two-bedroom apartment. This demonstrates the importance of the work that WHPC does to provide income-restricted housing to Wisconsin's low- and moderate-income residents. Lastly, the second prong of Mayor Rhodes-Conway's 2021 Housing Forward Plan is to create affordable housing throughout the city, with a focus on developments with transit access that deliver long-term affordability. This proposal would serve residents at 50% area median income (AMI) and 80% AMI while offering residents downtown living close to amenities and public transit.

AGENCY OVERVIEW

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

WHPC's mission is to preserve, provide, and protect affordable housing for the low and moderate income citizens of the state of Wisconsin. WHPC has been proud to be on the front line of providing quality, affordable housing throughout the state. We stand ready to meet the challenge of helping our communities provide low-income housing that is worthy of the word "home." This project supports WHPC's mission by providing 197 households the opportunity to live downtown in an area well-served by amenities and public transit--at rents that are affordable.

5. How does your agency reflect and engage the experiences of the target populations you serve or intend to serve, including black, indigenous, and other people of color, into your agency's operations and housing programs?

WHPC develops homes where residents from all socioeconomic and racial backgrounds can lead healthy, productive, and fulfilling lives. Both historically and presently, Black, indigenous, and other people of color have suffered from a legacy of disinvestment, segregation, widespread discrimination, and harmful housing practices such as redlining. This—along with many other factors—has led to vast racial disparities in median income, homeownership rates, and generational wealth in Madison and more broadly. WHPC provides safe, decent, and affordable rental housing to people across the socioeconomic spectrum and from all racial and ethnic backgrounds. This is important not only given the legacy of discriminatory practices mentioned above but also the limited homeownership opportunities in Madison currently, especially in the scorching hot 2022 housing market. The average person living at a WHPC property has an annual income of less than \$15,000, so paying an affordable rent means more resources for other essential needs like food, health care, and transportation. In addition, affordable housing is a basic right that allows community members to accumulate savings and prepare for homeownership. Housing is often the greatest expense in a low-income household's budget, and WHPC rental properties provide a safe and affordable place for families to call home—regardless of their background.

6. Describe how your agency promotes and supports equity in internal policy and procedures and within the community and the greater Madison area.

WHPC is focused on maintaining a corporate culture that attracts talented people from all races, orientations, genders, and ages who are committed to preserving and developing affordable housing that will benefit communities across Wisconsin. We are proud that the diversity of our staff reflects the communities in which we work.

7. List Percent of Staff Turnover in 2021: 6.3%

8. Divide the number of resignations or terminations in calendar year 2021 by total number of budgeted positions. Do not include seasonal positions. Explain if you had 20% or more turnover rate. Discuss any other noteworthy staff retention issues or policies in place to reduce staff turnover.

The percentage for 2021 was 6.3% (one retirement and one departure within our staff of 32). COVID certainly created complicated work situations for all businesses--we were happy to provide a great deal of flexibility to our staff to select the mix of office and remote work that was most beneficial to them. That flexibility will likely remain after the pandemic winds down.

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

DESCRIPTOR	STAFF	BOARD
GENDER		
Female	16	3
Male	16	6
Unknown/Other	0	0
TOTAL GENDER	32	9
AGE		
Less than 18 yrs old	0	0
18-59 Yrs	28	5
60 and older	4	4

TOTAL AGE	32	9
RACE*		
White/Caucasian	22	7
Black/African American	2	2
Asian	2	0
American Indian/Alaskan Native	0	0
Native Hawaiian/Other Pacific Islander	0	0
MULTI-RACIAL:		
Black/AA & White/Caucasian	0	0
Asian & White/Caucasian	0	0
Am Indian/Alaskan Native & White/Caucasian	0	0
Am Indian/Alaskan Native & Black/AA	0	0
Balance/Other	5	0
TOTAL RACE	31 (Please note one staff member did not respond)	9
ETHNICITY		
Hispanic or Latino	0	0
Not Hispanic or Latino	31	9
TOTAL ETHNICITY	31 (Please note one staff member did not respond)	9
PERSONS WITH DISABILITIES	0	0

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

10. The following attachments are included with this application:

Completed Budget Workbook

Proposals should complete Worksheets 1-4 (Agency Overview, Capital, and Expenses, Proforma).

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

- A completed Application Budget Workbook, showing the City's proposed financial contribution and all other proposed financing.
- A current list of Board of Directors, with home addresses included for each board member.
- For development proposals with an identified site, a detailed map of the site.
- For development proposals, a Capital Needs Assessment report of the subject property, if the proposal is for a rehabilitation project and if the report is available at the time of application.
- For development proposals, a recent market study or analysis, if available at the time of application.
- For rental development proposals with more than one owner, a Project Organizational Chart, including ownership interest percentages.

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

With a portfolio in excess of 8,400 rental units, WHPC has significant experience with the affordable rental development and construction process. The response to Question #1 contains a list of 10 WHPC properties that have utilized the federal HOME program. In addition to the HOME program, WHPC has utilized housing tax credits to develop or rehabilitate more than 50 of our properties. With this project, WHPC's Construction Project Manager will work closely with our General Contractor and related subcontractors to confirm that the property is constructed in compliance with all federal, state and local requirements, and contains all the amenities that are required for the various capital sources.

4. Who will be responsible for monitoring compliance with federal regulations and requirements during the Period of Affordability? Please describe the experience of the property management agency including trainings and/or certifications that the individual/property management agency has completed and/or attained.

ACC Management Group will be accountable for monitoring compliance with federal regulations during the period of affordability. With over 40 years of affordable housing property management experience in various state and federal programs including Section 8, Section 42, Section 515, RAD, HOME, and more, ACC is well positioned to oversee compliance for this development. ACC consistently invests in training programs and certifications for its leadership team, Regional Managers, Compliance Department, and many site staff throughout the company. Examples of certifications held by ACC staff include CPM, HCCP, TCS, COS, and BOS. In addition to these certifications, ACC invests in Edge2Learn training software for all staff, which provides scheduled training on topics such as fair housing and Section 42 compliance, and ACC consistently invests in Mary Ross trainings to target HUD/Section 8-related material.

5. Please address, in detail, experience in and/or plans to implement inclusive and culturally-sensitive property management and marketing practices. Please include a list of organizations that you have partnered with in the past for marketing activities.

WHPC's portfolio includes properties funded with Project Based Section 8, Low Income Housing Tax Credits, USDA Rural Development, HUD low interest loans, HOME funds, Federal Home Loan Bank AHP grants, and local subsidies. All of these programs require some form of inclusive marketing and culturally-sensitive management. All Section 8 properties require an Affirmative Fair Housing Marketing Plan that is reviewed annually. This report requires the Owner and Manager to: 1) target advertising to minority groups that have been identified as the least likely to apply, 2) develop non-discriminatory preferences and screening criteria, 3) hang public information about fair housing, and 4) include the Fair Housing logo in every advertisement. Additionally, the plan requires the Owner and Agent to create and follow a plan for training site staff on these requirements. For Rural Development properties, the Owner and Manager must certify annually that they comply with all Federal, State, or local laws prohibiting discrimination, give families with children equal consideration for admission, and give handicapped persons priority for subsidized units that were built and equipped specifically for the handicapped. In LIHTC projects, anyone authorized to lease apartment units to tenants must be thoroughly familiar with all federal and state laws, rules, and regulations governing certification, fair housing, and leasing procedures. WHEDA as the compliance monitoring agency requires Owners and Managers to certify annually that there have been no findings of discrimination under the Fair Housing Act. These three program requirements cover more than 95% of WHPC properties.

WHPC partners with several property management companies for marketing activities. These partners include ACC Management Group, Meridian Group, Horizon Management, Oakbrook Management, RE Management, Reilly-Joseph Management, and Goldfinch Management.

SITE INFORMATION

6. Address of Proposed Site: 200 Wisconsin Avenue, Madison, WI 53703
7. If applicable, please identify in which of the following areas on the Affordable Housing Targeted Area Map your proposal is located:
- Preferred Area (New Construction Only)
- Super-Preferred Area (New Construction Only)
- Eligible Area (New Construction & Acquisition/Rehabilitation)
- Targeted Rehab Area (Ineligible for New Construction, but preferred for acquisition & rehabilitation)
8. Explain why this site was chosen and how it helps the City to expand affordable housing opportunities in areas of greatest impact. Describe the neighborhood and surrounding community. (Attach a map indicating project location.)

In 2019, Madison College closed its downtown campus, leaving a vacant parcel in the heart of downtown Madison. This project would transform the vacant site into much-needed housing in Madison while providing a range of affordability to future renters. This site is arguably one of the best locations in the City for the expansion of affordable housing opportunities. As demonstrated in question 9, with its proximity to job opportunities downtown, frequent public transit, and a prominent retail corridor, future residents of this site would benefit from living near a tremendous number of amenities. Immediately surrounding the site are Bethel Lutheran Church to the northwest, First United Methodist to the northeast, the Madison Concourse Hotel to the southeast, and the State Street Capitol parking garage to the southwest. The shops along State Street and the Capitol Square are one block from this site, and this area includes small multi-family housing that tends to attract students as well as many single-family homes such as those in the Mansion Hill Historic District. This site is also located one block from the future bus rapid transit stop planned for State Street and University Avenue. Please see the map included in the application materials further detailing the project location.

9. Date Site Control Secured (if applicable): Approximately 5/01/22

10. Identify the distance the following amenities are from the proposed site. All distances should be entered as would be traveled by residents of the development (i.e. walking/driving distance, not straight-line distance).

Type of Amenities & Services	Name of Facility	Distance from Site (in miles)
Full Service Grocery Store	Capitol Centre Market	0.4
Public Elementary School	Lapham Elementary School	1.1
Public Middle School	Georgia O'Keeffe Middle School	2.1
Public High School	Capital High Eastside	1.1
Job-Training Facility, Community College, or Continuing Education Programs	UW Colleges & UW-Extension	0.8
Childcare	Creative Learning Center	0.5
Public Library	Madison Public Library	0.2
Neighborhood or Community Center	Wil-Mar Neighborhood Center	1.5
Full Service Medical Clinic or Hospital	UnityPoint Health - West Washington Clinic	0.5
Pharmacy	CVS Pharmacy	0.8
Public Park or Hiking/Biking Trail	James Madison Park	0.5
Banking	Town Bank	0.1
Retail	Target (and other shops on State Street)	0.5 (and closer)
Other (list the amenities):		

11. What is the actual walking distance between the proposed site and the nearest seven-day per week transit stops (i.e. weekday and weekends)? List the frequency of service at that bus stop during both the weekday and on the weekends (e.g., hourly, ½ hour, commuter hours). List the bus route(s) numbers, seven-day transit stop street intersections and describe any other transit stops (include street intersections and schedule) located near the proposed site. Please do not include full bus schedules.

Located in the heart of downtown Madison, this site is well-served by public transit. Adjacent to the site is the West Johnson and Wisconsin Ave stop for north-bound Route 28, which runs every 30 minutes from 6:00 a.m. to 6:16 p.m. on weekdays. One block away from the site (0.1 miles) is the Wisconsin and West Gorham stop for west-bound Route 28. Wisconsin and West Gorham is also a stop for Route 81, which runs every 10 minutes from 6:35 p.m. to 3:02 a.m. on late Friday and Saturday nights. Just 0.2 miles from the site at E Mifflin and North Pinckney are routes 2, 4, 5, 6, and 7. Similarly, 0.2 miles from the site at State and W Dayton are routes 2, 4, 6; and 0.2 miles away from the site at State and W Johnson are routes 2, 4, 6, and 7. Routes 2, 4, 5, 6, & 7 run every 30 minutes on weekdays, weekends, and holidays. Additionally, as noted in question 9, the future bus rapid transit stop for the green, red, and blue lines will be located one block away (0.1 miles) at both State and University as well as Wisconsin and Mifflin.

12. Describe the historical use(s) of the site. Identify if a Phase I Environmental Site Assessment has been completed and briefly summarize any issues identified. Identify any environmental remediation activities planned, completed, or underway, and/or any existing conditions of environmental significance located on the proposed site.

The recently completed Phase I environmental assessment identified no existing environmental conditions on-site.

13. Current zoning of the site: UMX Urban Mixed-Use An interactive version of the Zoning Map can be found linked [here](#).
14. Describe any necessary planning and zoning-related approvals (rezoning, conditional use permit, demolition, etc.) that must be obtained for the proposal to move forward.

This site is currently zoned UMX Urban Mixed-Use, and the City's Future Land Use map identifies this site as Downtown Core. This project would need a rezoning to Downtown Core, and because WHPC is proposing a new building that is greater than 20,000 square feet and has more than four stories, a conditional use approval is required. The Urban Design Commission will also need to review the project. Because there is no existing structure on this portion of the site, no demolition would be required. The Maximum Building Heights map allows this site to have eight stories plus an additional two stories if approved as a conditional use.

15. Describe the proposed project's consistency with adopted [plans](#), including the City of Madison Comprehensive Plan (adopted 2018), Neighborhood Plan(s), Special Area Plans, the Generalized Future Land Use Map (interactive version linked [here](#)), and any other relevant [plans](#).

With this project's emphasis on increasing the affordable housing supply in the City of Madison and other goals such as sustainability, this project demonstrates consistency with adopted plans as outlined below:

- The 2012 Downtown Plan includes two key areas directly in line with WHPC's proposed project: 1) Key 5: Enhance Livability, "As downtown continues to evolve and new housing is constructed, opportunities must continue to be provided for those who otherwise might not be able to afford to live downtown" on page 64, and 2) Key 9: Become a Model of Sustainability with the project's density, incorporation of renewable energy, and proximity to transportation options.
 - The 2018 Comprehensive Plan's Neighborhood and Housing Strategies outlines four elements that are consistent with this proposed project: 1) Create complete neighborhoods where residents have access to transportation options and resources needed for daily living, 2) Support development of a wider mix of housing types, sizes, and costs, 3) Increase the amount of available housing, and 4) Integrate lower priced housing, including subsidized housing, into complete neighborhoods.
 - The 2019 Equitable Development in Madison study states on page 13 that "Many central tracts are 'Appreciated' and no longer considered affordable [for renters]." WHPC's proposed project aims to counteract that by providing affordable rents in this central area of Madison.
 - The Generalized Future Land Use Map identifies this site as Downtown Core, which includes residential uses in larger-scale buildings that comprise the most densely developed part of the city.
- In sum, this project aligns seamlessly with the adopted plans and reports mentioned above, reinforcing the City's goals related to city planning, sustainability, equity, and more.

CITY AND COMMUNITY ENGAGEMENT PROCESSES

16. Have you presented to the City's Development Assistance Team (DAT)? If so, please summarize the staff comments to your proposal and reference the date of the presentation. If not, what is the anticipated date of the DAT presentation?

WHPC is targeting the second week of April 2022 for the DAT presentation.

17. If applicable, describe the neighborhood and community input process, including notification to and input from the nearby Neighborhood Association(s), already underway and planned. Describe the response of the alderperson in which the proposal is located, as well as the adjacent alderperson(s), if applicable. What issues or concerns with the project has been identified, if any? How will those be addressed? Please note new Aldermanic Districts that went into effect January 1, 2022.

At this time we have reached out to Alders Mike Veveer (District 4, which includes this site) and Patrick Heck (District 2, which also fronts Wisconsin Ave. and is immediately east of the site). Alder Verveer supports our concept and is receptive to initiating the neighborhood review process. We have also reached out to Scott Thompson, President of Capitol Neighborhoods Inc., to brief him on our plans.

TENANT SELECTION, AFFIRMATIVE MARKETING & BARRIERS TO ENTRY/STABILITY

18. Are any 30% AMI units identified in Question 29 below? If yes, please describe your agency's experience (and experience of relevant property management companies) in working with supportive service providers to support residents in your developments. If you do not have experience in this, please indicate any supportive service agencies you have identified or previously partnered with that would help support housing stability in your development above and beyond providing affordable housing opportunities through this development.

No

19. Describe your plans to incorporate flexible tenant selection criteria for households who are connected to supportive services, in order to provide housing opportunities for persons or families who would otherwise face common obstacles obtaining housing (e.g., poor credit, negative rental history, criminal conviction records, etc.). Specifically outline how this proposal embraces the City of Madison Tenant Selection Best Practices (Attachment B-1 of the RFP) and provides the maximum feasible flexibility in tenant selection to the general population and supportive service units.

WHPC is committed to providing housing to the low-income residents of Wisconsin. We are keenly aware that being on the low end of the socioeconomic spectrum often leads to other issues such as low credit score and eviction history that are barriers to housing. Additionally WHPC's Board of Directors has created a strategic initiative to increase resident support services at all of our properties. We recognize that access to supportive services increases the chance of successfully maintaining housing and reducing housing-related problems. Currently, WHPC has truly supportive units for adults with autism at our Prairie Haus project in New Glarus. The screening criteria at Prairie Haus is the same as the other units; however our property management company will overturn a denial in these units for issues that are related to an applicant's disability. Examples include a poor housing reference or eviction from previous housing for behaviors associated with their disability, or criminal charges such as disorderly conduct for behavior related to their disability.

While formal Tenant Selection Criteria have not been established for this project, WHPC commits to follow the best practices as described in Attachment B-1 of the RFP. In addition, we intend to include exceptions to the standard TSP for supportive housing units such as the options to overturn denials as described above for Prairie Haus.

20. Describe your affirmative marketing strategy and any other strategies to engage your intended population. Specifically outline how you will embrace the City of Madison's Affirmative Marketing Plan Best Practices (Attachment B-2 of the RFP), especially for Asian and Latinx populations which tend to be under-represented in CDD Completion Reports.

As outlined in question 5, WHPC has a long track record of affirmatively furthering fair housing in our existing portfolio. While an affirmative marketing strategy has not yet been developed for this project, WHPC commits to following the best practices as described in Attachment B-2 of the RFP. In conjunction with property management, we will identify advertising opportunities that reach those groups least likely to apply, including the Asian and Latinx populations. We will reach out to community organizations such as Centro Hispano and the Center for South Asian Outreach at the University of Madison to ask for their assistance in marketing to the communities they serve. Additionally, as the owner of Kennedy Heights Apartments in Madison, home of the Kennedy Heights Community Center, we will work with the Asian Outreach Coordinator located at the property to distribute these materials. Finally, several staff members at WHPC have relationships with the staff at the Bayview Community who would be able to market these units within the Bayview Community Center.

21. How will you affirmatively market to populations that will be identified as least likely to apply? Please reference, in detail, successful past practices, relationships with agencies and/or marketing materials used.

WHPC will identify the populations least likely to apply for the project and outline strategies to reach those groups with targeted marketing materials. Our Assistant Vice President of Asset Management Rob Dicke is a former board member of Dane County's Homeless Services Consortium and will assist property management with networking to social service groups within the consortium that can help in this effort. We will ensure that information about the project is distributed to the Beacon Day Shelter and to the homeless coordinated entry network. Additionally both Rob Dicke and WHPC Asset Manager Amy Meyer served at the Dane County Housing Authority and have years of experience with the Section 8 Voucher program. They can assist property management in marketing these units to local Public Housing Authorities, who can place these units on their available unit lists ensuring voucher holders searching for housing are made aware of this opportunity.

22. For the following development team roles, please identify the number and/or percentage of women and persons of color employed by that company.

Company	Role in Development (if different from above)	# or % Employees who are Women	# or % Employees who are Persons of Color
Wisconsin Housing Preservation Corp.	Developer	50%	21%
ACC Management Group	Property Manager	47%	15.6%
Potter Lawson	Architect	37.5%	6.3%
JH Findorff & Son (General Contractor)	Service Provider	11%	10%

23. Please describe the development team's experience with contracting with Minority- and Women-Owned Business Enterprises (M/WBE). Beyond standard construction bidding practices, what efforts have been made by the development team to ensure that M/WBE businesses are awarded contracts, and what efforts will be made to ensure that M/WBE businesses are given plentiful opportunities to be competitive when bidding on this proposal.

Our General Contractor Findorff is actively involved with the following organizations who, along with others will partner with Findorff to add value and success into their recruitment efforts. Achieving the project's goals begins with the work Findorff is already doing on its projects to develop and maintain strong working relationships with M/D/WBE firms. The approach to maximize participation on this project would include:

- Inform and educate prospective subcontractors about the upcoming project from early in the design process.
- Share project information using Findorff's extensive subcontractor and supplier database, new opportunities identified by our design partners, and the Urban League of Greater Madison's vast network.
- Host forums to answer questions, receive feedback, and develop interest in the project.
- Speak with firms to understand how they could be involved in the project, and based on these conversations, customize the bidding process to align with the capabilities of the local market. This could be accomplished by how work scopes are defined, or by making introductions between firms in an effort to create meaningful partnerships.
- Manage an accessible and inclusive bidding process that does not inhibit bidders if they have limited access to different forms of technology. Additionally, provide support to subcontractors and suppliers who may be unfamiliar with the estimating, bidding, and contracting process.
- Solicit and encourage bidding from non-M/D/WBE firms, but with the expectation their work includes M/D/WBE suppliers and/or second-tier subcontractors. Additionally, Findorff would serve as a resource to these firms to make connections with M/D/WBE subcontractors and suppliers.
- After bids are received and analyzed, Findorff will make recommendations for the Owner's final decision.

24. Beyond standard construction bidding practices, to what efforts will the development team commit to ensure that women and people of color represent a meaningful share of the construction labor force working on this proposal. Describe how the development team will commit to exceeding the City's contract labor utilization goal of **7%** for persons of color working on the job site.

Findorff's commitment to advancing diversity, equity, and inclusion in the workplace is integral to ensuring progress in the industry and success with this project. Findorff has an authentic desire to build diverse teams and provide opportunities for all. They understand how a large project can be extremely challenging for any subcontractor, but they have the resources to lend support where needed to ensure M/D/WBE success. A 7% participation goal is admirable and achievable using a standard project delivery method.

Formally and thoughtfully establishing goals for M/D/WBE firms will be a part of this project and is an essential first step. While Findorff will strive for ambitious participation percentages, they will also be mindful of only focusing on a target number--as meaningful impacts can also be achieved through mentorship and apprenticeship opportunities. Findorff will strive to set broad goals that address multiple opportunities, including: 1) Participation of Black and other M/D/WBE firms both within M/D/WBE firms, non-classified firms, design and consulting services, and construction related services, 2) Apprenticeship opportunities, 3) Mentorship opportunities, 4) Educational opportunities (MMSD, Madison College, etc.), and 5) Community engagement opportunities (Hip Hop Architecture, STEAM Camp, etc.).

In addition to setting a goal for M/D/WBE contract participation, Findorff will encourage setting a similar goal for workforce diversity. This goal would extend to all involved in the project including construction tradespersons, office and supervisory staff, design professionals, and consultants.

Findorff is actively involved with the following organizations who will partner with them to add value and success into our recruitment efforts: Urban League of Greater Madison, Centro Hispano, City of Madison, Dane County School Consortium, Latino Academy, Project Lead The Way, United Way HIRE Initiative, and the YWCA, among others.

SITE AMENITIES

25. Describe the interior and exterior common area amenities that will be available to tenants and/or guests, and any costs for reservation (e.g., community rooms, exercise room, business center, tot lot, grill area, etc.). What parking will be provided and at what cost? Will the cost vary by CMI level? For family developments, will there be a year-round indoor play space for children?

The tenants of this development will have access to the following amenities on-site: a community room, an exercise room, a green roof plaza, and a dedicated and secure area for mail parcels that are delivered. Additionally, the signature Madison Central High School arch will be reincorporated on this site. Parking will be provided in a covered garage and available for all tenants at \$200/month. It is anticipated that 180 parking stalls would be available.

26. Describe the interior apartment amenities, including plans for internet service (and cost to tenants, if any) and a non-smoking indoor environment throughout the building.

This development would be non-smoking throughout the building, and free internet will be provided in common areas.

PROPOSAL TIMELINE

27. Please list the estimated/target completion dates associated with the following activities/benchmarks to illustrate the timeline of how your proposal will be implemented.

Activity/Benchmark	Estimated Month/Year of Completion
1 st Neighborhood Meeting (Due by 3/3/22) [Target Month/Date] (if applicable)	Early April depending on Alder availability and preferred schedule
1 st Development Assistance Team/ Meeting (Due by 3/4/22) [Target/Actual Month/Date]	Mid April
Submission of Land Use Application (if applicable)	6/2022
Plan Commission Consideration	7/2022
Urban Design Commission Consideration, if applicable [Target Month/Date]	8/2022
Complete Financing	7/2022
Acquisition/Real Estate Closing	Underlying land lease with Madison College

Activity/Benchmark	Estimated Month/Year of Completion
Rehab or New Construction Bid Publishing	Negotiated GMP with Findorff
New Construction/Rehab Start	3/2023
Begin Lease-Up/Marketing	3/2024
New Construction/Rehab Completion	7/2024
Certificate(s) of Occupancy Obtained	7/2024
Complete Lease-Up	5/2025
Request Final Draw of CDD Funds	7/2024

HOUSING INFORMATION & UNIT MIX

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

ADDRESS #1:		200 Wisconsin Avenue, Madison, WI 53703									
		# of Bedrooms					Projected Monthly Unit Rents, Including Utilities				
% of County Median Income (CMI)	Total # of units	# of Studios	# of 1 BRs	# of 2 BRs	# of 3 BRs	# of 4+ BRs	\$ Rent for Studios	\$ Rent for 1 BRs	\$ Rent for 2 BRs	\$ Rent for 3 BRs	\$ Rent for 4+ BRs
≤30%	0	0	0	0	0	0					
40%	0	0	0	0	0	0					
50%	40	8	20	12	0	0	902	966	1160		
60%	0	0	0	0	0	0					
Affordable Sub-total	40	8	20	12	0	0					
80%	109	21	54	34	0	0	\$1,444	\$1,547	\$1,856		
Market*	48	9	23	16	0	0	\$1,550	\$1,750	\$2,100		
Total Units		38	97	62	0	0	Notes:197 units in total				

*40% = 31-40% CMI; 50% = 41-50% CMI; 60% = 51-60% CMI; 80% = 61-80% CMI; Market = >81% CMI.

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

80%	0	0	0	0	0	0					
Market*	0	0	0	0	0	0					
Total Units	0	0	0	0	0	0	Notes:				

*40% = 31-40% CMI; 50% = 41-50% CMI; 60% = 51-60% CMI; 80% = 61-80% CMI; Market = >81% CMI.

29. Utilities/amenities included in rent: Water/Sewer Electric Gas Free Internet In-Unit
 Washer/Dryer Other: _____

30. Please list the source of calculating your utility allowance, and the total utility allowance per bedroom size:
 Utilities Allowance Used: CDA DCHA HUSM

Unit Size (Number of Bedrooms)	Total Utility Allowance
Efficiency	<u>58</u>
1-Bedroom	<u>72</u>
2-Bedroom	<u>88</u>
3-Bedroom	_____

REAL ESTATE PROJECT DATA SUMMARY

31. Enter the site address (or addresses if scattered sites) of the proposed housing and answer the questions listed below for each site.

	# of Units Prior to Purchase	# of Units Post-Project	# Units Occupied at Time of Purchase	# Biz or Residential Tenants to be Displaced	# of Units Accessible Current?	Number of Units Post-Project Accessible?	Appraised Value Current (Or Estimated)	Appraised Value After Project Completion (Or Estimated)	Purchase Price
Address:	200 Wisconsin Avenue, Madison, WI 53703								
	0	197	N/A	0	0	4	\$1,000,000	\$36,550,273 estimated	\$0 (Underlying land lease)
Address:	Enter Address 2								
Address:	Enter Address 3								

32. Identify any existing buildings on the proposed site, noting any that are currently occupied. Describe the planned demolition of any buildings on the site.

The site is currently vacant and no further demolition is required.

33. Will any business or residential tenants be displaced temporarily or permanently? If so, please describe the relocation requirements, relocation plan and relocation assistance that you will implement or have started to implement.

This site is currently vacant, so no business tenants and no residential tenants will be displaced temporarily or permanently.

ENERGY EFFICIENCY, RENEWABLE ENERGY & SUSTAINABLE DESIGN

34. What is your organization’s experience in developing projects that incorporate extraordinary sustainable, energy efficient, and/or green building design techniques? Please list any awards, industry standards or third-party certifications achieved on projects developed in the past ten years, LEED®, WELL, Passive House, etc.

WHPC has a proven track record of incorporating sustainable, energy efficient, and green building design techniques in our work. WHPC has developed several buildings that meet or exceed the Wisconsin Green Built certification requirements including Prairie Haus in New Glarus, Tennyson Ridge in Madison, and City Place I in Milwaukee. We have also established a Green Team within WHPC to look for ways to reduce energy consumption, reduce tenant utility bills, decrease use of fossil fuels, and promote green technologies and materials in our new

developments. Additionally, in 2021 WHPC received a \$99,000 energy planning grant from the WI Public Service Commission to study our use of energy across our portfolio. In conjunction with Elevate Energy, our consultants on this effort, WHPC has created a database of all the heating, cooling, and water saving devices at our properties, what fuels are being used, and average utility cost per building and per unit. From this we have been able to identify properties that are outside the norm for consumption and conducted full scale energy audits to identify improvements that can be made. In 2022, WHPC also submitted two additional applications to the PSC for a total of over \$1 million to create a solar and battery microgrid at our senior property Villa West in Green Bay and to replace electric baseboard heat with more efficient air source heat pumps (ASHPs) at River Grove in Black River Falls. In addition to these projects, the WHPC Green Team is also working with Elevate Energy to transition townhome units in Madison and Middleton from gas-fired furnaces and water heaters to ASHPs to reduce greenhouse gas emissions. We hope to supplement these conversions with solar generation to not only reduce emissions but also reduce tenants' utility bills.

35. Please describe how this proposed development will contribute to the City's goal of 100% renewable energy and zero-net carbon emissions (originally adopted March 21, 2017). For more information, see [100% Renewable Madison Report](#).

WHPC embraces this RFP's laudable goals of energy efficiency, renewable energy, and sustainable design. We are committed to implementing the greatest level of energy efficiency that is feasible for this project and plan to incorporate solar photovoltaic and a blue/green roof on the roof of this development. We have spoken directly with Scott Bloedorn at Focus on Energy, and we have completed Focus on Energy's initial application for Energy Design Assistance for New Construction, which is included in these application materials. As we work through the design of the building with our architect, we plan to consult the AIA's Framework for Design Excellence to incorporate building techniques that substantially reduce energy and water consumption on-site and source a significant amount of building materials from renewable sources. WHPC's Green Team has begun the effort to create a Standard Materials Design book that will direct our projects to select materials that save energy, reduce emissions, come from recycled or renewable resources, and have low or no Volatile Organic Compounds. Through these efforts, WHPC strives to become a leader in green affordable housing development in the State of Wisconsin.

36. Please describe the proposed project's energy efficiency goals. For new construction proposals, please attach a copy of the confirmation page demonstrating that your organization has submitted an [Initial Application](#) for Focus on Energy's Energy Design Assistance program. For rehabilitation proposals, please attach documentation confirming that your organization has reached out to Focus on Energy's [multifamily program](#). Identify any third party certification, such as LEED®, WELL, Passive House or similar, that will be sought.

As stated above, WHPC is committed to implementing the greatest level of energy efficiency that is feasible for this project. Our goal with this development, and all of our existing developments, is to reduce the energy consumed, reduce the carbon emissions released, and reduce the amount of water used in the operation of the building. WHPC's Green Team will be involved in the design of the building and its mechanicals to ensure that we are taking advantage of every opportunity to improve the performance of the property. We intend to include design elements such as a blue/green roof to reduce absorption of heat into the building and improve stormwater run-off. We plan to install a solar photovoltaic system to generate electricity on-site and thus reduce the reliance on fossil fuel electricity generation. We plan to incorporate water saving devices such as low-flow fixtures and toilets, and we are exploring the installation of an Exact Water system, which may save up to 40% on the property's total water usage.

37. What building design and HVAC considerations will your team include to enhance community resiliency for building inhabitants in the face of a potential future pandemic?

COVID-19 has impacted the way we interact socially, manage properties, and design new multifamily buildings. WHPC intends to learn from industry best practices around reducing pathogens and implement them into this project. For example, ductless heat pumps are more effective than traditional forced air systems at preventing the spread of viruses, as they do not recirculate the air throughout the building. Due to zoned heating and cooling, the air in a single room with a ductless heat pump will largely be confined to that room. On top of having highly effective filtration systems, ductless heat pump units can be equipped with add-on devices, such as air scrubbers. We can also reduce the transmission of viruses by selecting materials that have inherent anti-microbial properties such as building products with copper alloy or using antimicrobial paint. Finally the building design can be modified to increase contactless routes, touchless smartphone or fob-controlled lifts, and automatic opening doors. Furthermore, WHPC intends to incorporate HVAC that is efficient, sustainable, and upgradable as new technologies become available.

38. Describe this development’s approach to accessibility, including the number and percent of accessible units proposed for each of level of accessibility. Will this development meet or exceed the minimum requirements? For rehab, describe the accessibility modifications that will be incorporated into the existing development.

This development is 197 total units and would be considered Group R-2 by code occupancy classification. As such, this development would include four Type A units dispersed among the various unit types. In similar projects, WHPC has made additional physical accommodations for residents with disabilities above what is required by the building code, such as our recent project in Middleton, Kestrel Apartments. We would anticipate following the same approach for this development.

39. Describe this development’s level of commitment to the principles of Universal Design. Elaborate on how the development team will incorporate Universal Design components in residential units, any commercial space, and in common areas, and how the development will exceed building code standards for Type A units. What percentage or number of units in the proposed development will incorporate Universal Design principles?

WHPC strives for high-quality design in all of its developments because excellent design contributes to not only a well-functioning building but also the health and well-being of residents. We develop multi-family housing in line with universal design principles to make the properties accessible to people with a wide range of ages and abilities. In our properties, we promote both visitability—with zero-step entrances, doors with sufficient passage space, and bathrooms on the main floor of multi-floor units—and accessibility—with grab bars, easy-to-reach work areas, and walk-in showers.

All units are required by code to be on an accessible circulation route to provide access to all the building’s public entries and common areas. Within each unit, an accessible route will connect all rooms to provide a barrier-free circulation path throughout the unit. The accessible route requirements include sufficient door and hallway widths as well as low-profile thresholds and floor level transitions to provide a barrier-free environment that minimizes impediments to individuals. Unit interiors are designed to meet or exceed prescribed space requirements, particularly in bathrooms, kitchens, and laundry areas to allow individuals adequate space to freely maneuver and use the various appliances or fixtures. Controls and other operable elements for windows, doors, kitchen fixtures, bath fixtures, communication devices, lighting, and electrical outlets will be installed within a given height range to be compliant with required reach guidelines. They will also be operable with one hand without the need for tight grasping, pinching, or twisting. Signage throughout any building will comply with graphic and tactile guidelines to be legible to all individuals regardless of potential limitation.

40. For proposals that include rehabilitation, have you completed a capital needs assessment for this property? If so, summarize the scope and cost; attach a copy of the capital needs assessment if available.

N/A

ATTACHMENT B – Housing Development – Rental

SECTION B – TARGETED AREA (No Identified Site)

DEVELOPMENT TEAM OVERVIEW

1. Please describe the development team’s experience using federal HOME or CDBG funds in detail, including a list of past projects the team has developed using such funds.

NOT APPLICABLE FOR REMAINDER OF APPLICATION

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

Contact Person	Company	Role in Development	E-mail	Phone

3. Who will be responsible for monitoring compliance with federal regulations and requirements during development and construction phases of the project once site(s) are identified? List prior projects completed.

4. Who will be responsible for monitoring compliance with federal regulations and requirements during the Period of Affordability of sites once developed? Please describe the experience of the property management agency including trainings and/or certifications that the individual/property management agency has completed and/or attained.

5. Please address, in detail, experience in and/or plans to implement inclusive and culturally-sensitive property management and marketing practices. Please include a list of organizations that you have partnered with in the past for marketing activities.

SITE INFORMATION

6. General Area of Proposed Sites: _____

7. If applicable, please identify in which of the following areas on the Affordable Housing Targeted Area Map your proposal is generally located in, or that you anticipate you will target. If the area targeted for your proposal is larger or consists of multiple areas, please select one of the following that comprises the majority of your target area.

- Preferred Area (New Construction Only)
- Super-Preferred Area (New Construction Only)
- Eligible Area (New Construction & Acquisition/Rehabilitation)
- Targeted Rehab Area (Ineligible for New Construction, but preferred for acquisition & rehabilitation)

8. Explain why this area was chosen by your agency. How does it help the City to expand affordable housing opportunities in areas of greatest impact? How will this area assist your agency is providing neighborhood-serving benefits?

9. Describe the type of housing project you propose to develop (i.e. new construction, preservation or acquisition and rehab)?

10. Number of units you anticipate developing in the targeted area: _____

11. Identify the following amenities that exist in the area which you have identified. If an amenity/service does not exist within the area, determine and list the next closest location.

Type of Amenities & Services	Name of Facility	In Targeted Area? (yes/no)
Full Service Grocery Store		
Public Elementary School		
Public Middle School		
Public High School		
Job-Training Facility, Community College, or Continuing Education Programs		
Childcare		
Public Library		
Neighborhood or Community Center		
Full Service Medical Clinic or Hospital		
Pharmacy		
Public Park or Hiking/Biking Trail		
Banking		
Retail		
Other (list the amenities):		

12. Are there seven-day per week transit stops (i.e. weekday and weekends) in or adjacent to your targeted area? List the number of routes and frequency of service at that you expect will service any sites identified in this geography (e.g., hourly, ½ hour, commuter hours). List the bus route(s) numbers, seven-day transit stop street intersections and describe any other transit stops (include street intersections and schedule) located near the targeted geography. Please do not include full bus schedules.

13. Describe your experience in gaining necessary planning and zoning-related approvals (rezoning, conditional use permit, demolition, etc.) that have been obtained for other developments. Are there adequate sites available in this targeted area that can feasibly identify and develop within the timeframe listed in the RFP? Please explain how you anticipate selecting a site(s).

14. Describe the your anticipated project and targeted area’s consistency with adopted [plans](#), including the City of Madison Comprehensive Plan (adopted 2018), Neighborhood Plan(s), Special Area Plans, the Generalized Future Land Use Map (interactive version linked [here](#)), and any other relevant [plans](#).

CITY AND COMMUNITY ENGAGEMENT PROCESSES

15. Describe your familiarity with this neighborhood and community. Have you previously worked with this Neighborhood Association(s) or Alder? Describe the response of the alderperson in which the proposal is located, as well as the adjacent alderperson(s), if applicable. What issues or concerns with your anticipated project have been identified, if any? How will those be addressed? Please note new Aldermanic Districts that went into effect January 1, 2022.

TENANT SELECTION, AFFIRMATIVE MARKETING & BARRIERS TO ENTRY/STABILITY

16. Does your agency have experience in developing or managing supportive housing units (i.e. 30% AMI units)? If yes, please describe your agency’s experience (and experience of relevant property management companies) in working with supportive service providers to support residents in your developments. If you do not have experience in this, please indicate any supportive service agencies you have identified or previously partnered with capacity and willingness to support housing stability in your targeted neighborhood.

17. Describe your experience with incorporating flexible tenant selection criteria for households who are connected to supportive services, in order to provide housing opportunities for persons or families who would otherwise face common obstacles obtaining housing (e.g., poor credit, negative rental history, criminal conviction records, etc.). Specifically outline how developments utilizing this funding will embrace the City of Madison Tenant Selection Best Practices (Attachment B-1 of the RFP) and provide the maximum feasible flexibility in tenant selection to the general population and supportive service units.

18. Describe your previous affirmative marketing strategies and any other strategies to engage your intended populations. Specifically outline how developments utilizing this funding will embrace the City of Madison’s Affirmative Marketing Plan Best Practices (Attachment B-2 of the RFP), especially for Asian and Latinx populations which tend to be under-represented in CDD Completion Reports.

19. How will you affirmatively market to populations that will be identified as least likely to apply? Please reference, in detail, successful past practices, relationships with agencies and/or marketing materials used.

20. For the following development team roles, please identify the number and/or percentage of women and persons of color employed by that company.

Company	Role in Development (if different from above)	# or % Employees who are Women	# or % Employees who are Persons of Color
	Developer		
	Property Manager		
	Architect		
	Service Provider		

21. Please describe the development team’s experience with contracting with Minority- and Women-Owned Business Enterprises (M/WBE). Beyond standard construction bidding practices, what efforts have been made by the

development team to ensure that M/WBE businesses are awarded contracts, and what efforts will be made to ensure that M/WBE businesses are given plentiful opportunities to be competitive when bidding on this proposal.

22. Beyond standard construction bidding practices, to what efforts will the development team commit to ensure that women and people of color represent a meaningful share of the construction labor force working on this proposal. Describe how the development team will commit to exceeding the City's contract labor utilization goal of **7%** for persons of color working on the job site.

SITE AMENITIES

Specific details of site amenities will be asked in a supplemental application submittal once a site(s) has been identified, as a component of City approvals before funding allocated.

ENERGY EFFICIENCY, RENEWABLE ENERGY & SUSTAINABLE DESIGN

23. What is your organization's experience in developing projects that incorporate extraordinary sustainable, energy efficient, and/or green building design techniques? Please list any awards, industry standards or third-party certifications achieved on projects developed in the past ten years, LEED®, WELL, Passive House, etc.

24. Please describe how proposed developments will contribute to the City's goal of 100% renewable energy and zero-net carbon emissions (originally adopted March 21, 2017). For more information, see [100% Renewable Madison Report](#).

25. What building design and HVAC considerations will your team include to enhance community resiliency for building inhabitants in the face of a potential future pandemic?

26. Describe this development team's past approach to accessibility. Will any proposed development meet or exceed the minimum requirements? For rehab, describe the accessibility modifications that will be incorporated into existing developments.

27. Describe this your agency's commitment to the principles of Universal Design. Elaborate on how your agency has incorporated Universal Design components in residential units, any commercial space, and in common areas. Do you anticipate that your agency will exceed building code standards for Type A units? Once a site is identified, what percentage or number of units in any proposed developments will incorporate Universal Design principles?

APPLICANT & PROJECT NAME:

Wisconsin Housing Preservation Corp. or assigns

1. AGENCY OVERVIEW

This chart describes your agency's total budget for 3 separate years. Where possible, use audited figures for *2020* Actual.

Account Description	*2020* Actual	*2021* Actual	*2022* Budget
A. PERSONNEL			
Salary (including benefits)	2,277,874	3,691,858	4,360,097
Taxes	141,146	232,991	258,995
Subtotal A	2,419,020	3,924,849	4,619,092
B. OPERATING			
All "Operating" Costs	6,757,617	1,795,015	1,362,093
Subtotal B	6,757,617	1,795,015	1,362,093
C. SPACE			
Rent/Utilities/Maintenance	266,371	310,971	446,448
Mortgage/Depreciation/Taxes	30,124,993	30,799,817	30,648,871
Subtotal C	30,391,364	31,110,788	31,095,319
D. SPECIAL COSTS			
Subcontracts	3,417,673	3,962,233	4,075,113
Deposits to Reserves	2,348,955	2,967,112	3,000,000
Debt Service (Excl Mortgage)			
Other: (Specify)			
Property "Operating" Costs	39,346,501	42,131,067	44,457,717
Subtotal D	45,113,129	49,060,412	51,532,830
Total Operating Expenses:	84,681,130	85,891,064	88,609,334
REVENUE			
Direct Public Grants	3,030,661	6,161,741	1,495,396
Direct Public Support	74,251,252	75,736,791	78,793,501
Indirect Public Support			
Miscellaneous Revenue	30,552	1,500	
Restricted Funds Released	1,470		
Program Income			
Total Income	77,313,935	81,900,032	80,288,897
Net Income	(7,367,195)	(3,991,032)	(8,320,437)

APPLICANT & PROJECT NAME:

Wisconsin Housing Preservation Corp. or assigns

2. CAPITAL BUDGET

Enter ALL proposed project funding sources.

FUNDING SOURCES

Source	Amount	Non-Amortizing (Y/N)	Rate (%)	Term (Years)	Amort. Period (Years)	Annual Debt Service
Permanent Loan-Lender Name:						
Permanent debt source - HUD 221(d)4	\$ 56,050,000	Y	3.75%	40	40	\$2,705,532
Subordinate Loan-Lender Name:						
WHPC Equity	\$6,990,687	N				
Subordinate Loan-Lender Name:						
Tax Exempt Loan-Bond Issuer:						
AHP Loan						
City-AHF Loan	\$ 3,000,000		0.00%			
City-HOME Loan						
City-CDBG Loan						
City-TIF Loan						
Other-Specify Lender/Grantor:						
WHPC Capital Magnet Fund Grant	\$ 1,000,000	N	0.00%			
Other-Specify Lender/Grantor:						
Dane Workforce Housing Fund Loan	\$ 1,000,000	N	4.00%	20 year ballo	35	\$53,577
Other-Specify Lender/Grantor:						
Seller Land Financing	\$ 5,934,429	Y	6.00%	52	52	\$374,143
Historic Tax Credit Equity						
Deferred Developer Fees						
Owner Investment						
Other-Specify:						
Total Sources	\$ 73,975,116					

Construction Financing			
Source of Funds	Amount	Rate	Term (Months)
Construction Loan-Lender Name:			
Construction debt source - HUD 221(d)4	\$56,050,000	3.75%	24
Bridge Loan-Lender Name:			
Equity, CMF, DWHF Loan, Seller Note, City AHF	\$17,925,116	varies, see above	24
Historic Tax Credit Equity:			
Total	\$ 73,975,116		

Estimated pricing on sale of Federal Tax Credits:
(if applicable)

Estimated pricing on sale of State Tax Credits:
(if applicable)

Remarks Concerning Project Funding Sources:

APPLICANT:

Wisconsin Housing Preservation Corp. or assigns

3. PROJECT EXPENSES

Enter the proposed project expenses

Acquisition Costs	Amount
Land	
Existing Buildings/Improvements	\$0
Other (List)	
Seller Financed Land	\$5,934,429
Construction:	
Construction/Rehab Costs	\$55,176,066
Construction Profit	\$1,062,465
Construction Overhead	\$0
General Requirements	\$0
Construction Supervision	\$0
FF&E/Personal Property	\$0
Demolition	\$0
Site Work	\$0
Landscaping	\$0
Letter of Credit/P&P Bond	\$0
Construction Contingency	\$4,473,735
Other (List)	
Note: Construction Overhead and General R	\$0
Architectural & Engineering	
Architect - Design	\$1,687,156
Architect - Supervision	\$27,000
Engineering	\$0
Other (List)	
	\$0
Interim/Construction Costs	
Builder's Risk/Property Insurance	\$85,000
Construction Loan Interest	\$1,658,779
Construction Loan Origination Fee	\$0
Real Estate Taxes	
Park Impact Fees	\$250,000
Other Impact Fees	\$100,000
Other (List)	
Construction Loan Credit Enhancement	\$90,000
Financing Fees	
Cost of Bond Issuance	\$147,625
Permanent Loan Origination Fee	\$590,500
Credit Enhancement	\$0
Other Permanent Loan Fees	\$679,075
Soft Costs	
Appraisal	\$7,500
Market Study	\$7,500

<--- If applicable, please list the costs attributable to "above and beyond" green building/Net Zero construction components included in the Construction Costs line item:

Total Cost:

\$4,414,085

Environmental Reports	\$7,500
Survey	\$7,500
Permits	\$0
Lease-Up Period Marketing	\$40,000
Accounting/Cost Certification	\$30,000
Title Insurance and Recording	\$40,000
Relocation	\$0
FF&E	\$0
Capital Needs Assessment (if rehab)	\$0
Legal	\$100,000
Other (List)	
Contingency	\$25,000
Fees:	
Bridge Loan Fees	\$0
Organizational Fees	\$0
Syndication Fees	\$0
Total Development Fee	\$0
Developer Overhead	\$0
Other Consultant Fees	\$0
Other (List)	
Predevelopment	\$1,000,000
Reserves Funded from Capital:	
Lease-Up Reserve	\$0
Operating Reserve	\$0
Replacement Reserve	\$0
Capital Needs Reserve	\$0
Debt Service Reserve	\$0
Escrows	\$0
Other: (List)	
Seller Financed land payments during 2 year	\$748,286
TOTAL COSTS:	\$73,975,116

APPLICANT: Wisconsin Housing Preservation Corp. or assigns

4. PROJECT PROFORMA

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

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16
Gross Income	3,529,968	3,600,567	3,672,579	3,746,030	3,820,951	3,897,370	3,975,317	4,054,824	4,135,920	4,218,639	4,303,011	4,389,072	4,476,853	4,566,390	4,657,718	4,750,872
Less Vacancy/Bad Debt	176,498	180,028	183,629	187,302	191,048	194,868	198,766	202,741	206,796	210,932	215,151	219,454	223,843	228,320	232,886	237,544
Income from Non-Residential Use*	857,225	874,370	891,857	909,694	927,888	946,446	965,375	984,682	1,004,376	1,024,463	1,044,952	1,065,852	1,087,169	1,108,912	1,131,090	1,153,712
Total Revenue	4,210,695	4,294,908	4,380,807	4,468,423	4,557,791	4,648,947	4,741,926	4,836,765	4,933,500	5,032,170	5,132,813	5,235,469	5,340,179	5,446,982	5,555,922	5,667,041
Expenses:																
Office Expenses and Phone	1,970	2,029	2,090	2,153	2,217	2,284	2,352	2,423	2,496	2,570	2,648	2,727	2,809	2,893	2,980	3,069
Real Estate Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Advertising, Accounting, Legal Fees	28,565	29,422	30,305	31,214	32,150	33,115	34,108	35,131	36,185	37,271	38,389	39,541	40,727	41,949	43,207	44,503
Payroll, Payroll Taxes and Benefits	206,850	213,056	219,447	226,031	232,811	239,796	246,990	254,399	262,031	269,892	277,989	286,329	294,919	303,766	312,879	322,266
Property Insurance	90,620	93,339	96,139	99,023	101,994	105,053	108,205	111,451	114,795	118,239	121,786	125,439	129,202	133,079	137,071	141,183
Mtc, Repairs and Mtc Contracts	229,195	236,071	243,153	250,448	257,961	265,700	273,671	281,881	290,337	299,047	308,019	317,259	326,777	336,581	346,678	357,078
Utilities (gas/electric/fuel/water/sewer)	95,575	98,442	101,396	104,437	107,571	110,798	114,122	117,545	121,072	124,704	128,445	132,298	136,267	140,355	144,566	148,903
Property Mgmt	216,838	223,343	230,043	236,945	244,053	251,375	258,916	266,683	274,684	282,924	291,412	300,155	309,159	318,434	327,987	337,827
Operating Reserve Pmt		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Replacement Reserve Pmt	49,250	50,728	52,249	53,817	55,431	57,094	58,807	60,571	62,388	64,260	66,188	68,174	70,219	72,325	74,495	76,730
Support Services		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other (List)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Operating Expenses	918,863	946,429	974,822	1,004,066	1,034,188	1,065,214	1,097,170	1,130,086	1,163,988	1,198,908	1,234,875	1,271,921	1,310,079	1,349,381	1,389,863	1,431,559
Net Operating Income	3,291,832	3,348,480	3,405,985	3,464,356	3,523,603	3,583,733	3,644,756	3,706,679	3,769,512	3,833,262	3,897,938	3,963,548	4,030,100	4,097,601	4,166,059	4,235,482
Debt Service:																
First Mortgage	2,705,532	2,705,532	2,705,532	2,705,532	2,705,532	2,705,532	2,705,532	2,705,532	2,705,532	2,705,532	2,705,532	2,705,532	2,705,532	2,705,532	2,705,532	2,705,532
Second Mortgage		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other (List)																
Dane Workforce Housing Fund Loan	53,577	53,577	53,577	53,577	53,577	53,577	53,577	53,577	53,577	53,577	53,577	53,577	53,577	53,577	53,577	53,577
Seller Land Financing	\$374,143	\$374,143	\$374,143	\$374,143	\$374,143	\$374,143	\$374,143	\$374,143	\$374,143	\$374,143	\$374,143	\$374,143	\$374,143	\$374,143	\$374,143	\$374,143
Total Debt Service	3,133,252	3,133,252	3,133,252	3,133,252	3,133,252	3,133,252	3,133,252	3,133,252	3,133,252	3,133,252	3,133,252	3,133,252	3,133,252	3,133,252	3,133,252	3,133,252
Total Annual Cash Expenses	4,052,115	4,079,681	4,108,074	4,137,319	4,167,441	4,198,466	4,230,423	4,263,338	4,297,240	4,332,160	4,368,127	4,405,174	4,443,331	4,482,634	4,523,115	4,564,811
Total Net Operating Income	158,579	215,227	272,733	331,104	390,351	450,481	511,503	573,427	636,259	700,010	764,686	830,296	896,848	964,349	1,032,807	1,102,230
Debt Service Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Developer Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Flow	158,579	215,227	272,733	331,104	390,351	450,481	511,503	573,427	636,259	700,010	764,686	830,296	896,848	964,349	1,032,807	1,102,230
AHF City Interest Loan	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

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

DCR Hard Debt	1.22	1.24	1.26	1.28	1.30	1.32	1.35	1.37	1.39	1.42	1.44	1.46	1.49	1.51	1.54	1.57
DCR Total Debt	1.05	1.07	1.09	1.11	1.12	1.14	1.16	1.18	1.20	1.22	1.24	1.26	1.29	1.31	1.33	1.35

Assumptions

Vacancy Rate	5.0%
Annual Increase Income	2.0%
Annual Increase Expenses	3.0%
Other	

*Please list all fees (per unit per month) and non-residential income:

- Commercial income: \$43,625/month on ~26,000 SF
 - Parking at \$200/month for 180 stalls

APPLICANT:

Wisconsin Housing Preservation Corp. or assigns

3. PROJECT PROFORMA (cont.)

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

	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
Gross Income	4,845,890	4,942,807	5,041,664	5,142,497	5,245,347	5,350,254	5,457,259	5,566,404	5,677,732	5,791,287	5,907,112	6,025,255	6,145,760	6,268,675
Less Vacancy/Bad Debt	242,294	247,140	252,083	257,125	262,267	267,513	272,863	278,320	283,887	289,564	295,356	301,263	307,288	313,434
Income from Non-Residential Use*	1,176,786	1,200,322	1,224,328	1,248,815	1,273,791	1,299,267	1,325,252	1,351,757	1,378,793	1,406,368	1,434,496	1,463,186	1,492,449	1,522,298
Total Revenue	5,780,381	5,895,989	6,013,909	6,134,187	6,256,871	6,382,008	6,509,648	6,639,841	6,772,638	6,908,091	7,046,253	7,187,178	7,330,921	7,477,540
Expenses:														
Office Expenses and Phone	3,161	3,256	3,354	3,454	3,558	3,665	3,775	3,888	4,005	4,125	4,248	4,376	4,507	4,642
Real Estate Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Advertising, Accounting, Legal Fees	45,838	47,214	48,630	50,089	51,592	53,139	54,733	56,375	58,067	59,809	61,603	63,451	65,355	67,315
Payroll, Payroll Taxes and Benefits	331,934	341,892	352,148	362,713	373,594	384,802	396,346	408,236	420,483	433,098	446,091	459,474	473,258	487,456
Property Insurance	145,418	149,781	154,274	158,903	163,670	168,580	173,637	178,846	184,212	189,738	195,430	201,293	207,332	213,552
Mtc, Repairs and Mtc Contracts	367,791	378,824	390,189	401,895	413,952	426,370	439,161	452,336	465,906	479,883	494,280	509,108	524,382	540,113
Utilities (gas/electric/fuel/water/sewer)	153,370	157,971	162,710	167,591	172,619	177,798	183,132	188,626	194,284	200,113	206,116	212,300	218,669	225,229
Property Mgmt	347,961	358,400	369,152	380,227	391,634	403,383	415,484	427,949	440,787	454,011	467,631	481,660	496,110	510,993
Operating Reserve Pmt	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Replacement Reserve Pmt	79,032	81,403	83,845	86,360	88,951	91,620	94,368	97,199	100,115	103,119	106,212	109,398	112,680	116,061
Support Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other (List)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Expenses	1,474,505	1,518,741	1,564,303	1,611,232	1,659,569	1,709,356	1,760,637	1,813,456	1,867,859	1,923,895	1,981,612	2,041,060	2,102,292	2,165,361
Net Operating Income	4,305,876	4,377,248	4,449,606	4,522,955	4,597,302	4,672,652	4,749,012	4,826,386	4,904,779	4,984,196	5,064,641	5,146,117	5,228,629	5,312,179
Debt Service:														
First Mortgage	2,705,532	2,705,532	2,705,532	2,705,532	2,705,532	2,705,532	2,705,532	2,705,532	2,705,532	2,705,532	2,705,532	2,705,532	2,705,532	2,705,532
Second Mortgage	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other (List)														
Dane Workforce Housing Fund Loan	53,577	53,577	53,577	53,577										
Seller Land Financing	\$374,143	\$374,143	\$374,143	\$374,143	\$374,143	\$374,143	\$374,143	\$374,143	\$374,143	\$374,143	\$374,143	\$374,143	\$374,143	\$374,143
Total Debt Service	3,133,252	3,133,252	3,133,252	3,133,252	3,079,675	3,079,675	3,079,675	3,079,675	3,079,675	3,079,675	3,079,675	3,079,675	3,079,675	3,079,675
Total Annual Cash Expenses	4,607,758	4,651,993	4,697,555	4,744,484	4,739,244	4,789,031	4,840,312	4,893,131	4,947,534	5,003,570	5,061,287	5,120,735	5,181,967	5,245,036
Total Net Operating Income	1,172,624	1,243,996	1,316,354	1,389,703	1,517,627	1,592,977	1,669,337	1,746,711	1,825,104	1,904,521	1,984,966	2,066,442	2,148,954	2,232,504
Debt Service Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Developer Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Flow	1,172,624	1,243,996	1,316,354	1,389,703	1,517,627	1,592,977	1,669,337	1,746,711	1,825,104	1,904,521	1,984,966	2,066,442	2,148,954	2,232,504
AHF City Interest Loan	0	0	0	0	0	0	0	0	0	0	0	0	0	0

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

DCR Hard Debt	1.59	1.62	1.64	1.67	1.70	1.73	1.76	1.78	1.81	1.84	1.87	1.90	1.93	1.96
DCR Total Debt	1.37	1.40	1.42	1.44	1.49	1.52	1.54	1.57	1.59	1.62	1.64	1.67	1.70	1.72

Assumptions

Vacancy Rate	5.0%
Annual Increase Income	2.0%
Annual Increase Expenses	3.0%
Other	

Wisconsin Housing Preservation Corp. & Subsidiaries

Consolidated Financial Report

December 31, 2020

WISCONSIN HOUSING PRESERVATION CORP. & SUBSIDIARIES

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WISCONSIN HOUSING PRESERVATION CORP. & SUBSIDIARIES

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INDEPENDENT AUDITOR'S REPORT

To the Audit Committee
Wisconsin Housing Preservation Corp. & Subsidiaries
Madison, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of Wisconsin Housing Preservation Corp. & Subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Wisconsin Housing Preservation Corp. & Subsidiaries as of December 31, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards (shown on pages 40 to 41), 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*, is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying supplementary information shown on pages 42 to 51 is presented for purposes of additional analysis, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2021, on our consideration of Wisconsin Housing Preservation Corp. & Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Wisconsin Housing Preservation Corp. & Subsidiaries' 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 Wisconsin Housing Preservation Corp. & Subsidiaries' internal control over financial reporting and compliance.

SVA Certified Public Accountants, S.C.

Madison, Wisconsin

May 27, 2021

Audit firm: SVA Certified Public Accountants, S.C.

Lead auditor: Kirsten Houghton, CPA, MBA

Title: Principal

Telephone number: (608) 831-8181

Fax Number: (608) 831-4243

Tax ID#: 39-1203191

Audit firm ID: 07160

E-mail: houghtonk@sva.com

WISCONSIN HOUSING PRESERVATION CORP. & SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 34,830,721	\$ 36,015,666
Short-term investments	13,232,673	12,274,155
Accounts receivable - WHEDA/HUD	157,351	356,088
Accounts receivable - tenants	555,574	447,543
Accounts receivable - other	454,464	199,957
Accrued interest receivable	79,802	90,513
Tenants' security deposits	2,751,175	2,721,624
Funded reserves	45,414,421	40,737,664
Prepaid expenses	1,928,099	1,390,248
Operating lease right-of-use assets	<u>177,692</u>	<u>84,463</u>
Total current assets	99,581,972	94,317,921
OTHER FUNDED RESERVES	79,346	104,268
RENTAL PROPERTY		
Rental property	522,997,244	504,049,364
Less accumulated depreciation	<u>112,100,821</u>	<u>99,614,438</u>
Rental property, net	410,896,423	404,434,926
OTHER ASSETS		
Tax credit fees, net	952,092	927,360
Implementation costs, net	234,280	0
Long-term investments	45,782	42,093
Construction / acquisitions in progress	1,635,622	1,272,319
Operating lease right-of-use assets	<u>2,103,373</u>	<u>888,703</u>
Total other assets	<u>4,971,149</u>	<u>3,130,475</u>
TOTAL ASSETS	<u>\$ 515,528,890</u>	<u>\$ 501,987,590</u>

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

WISCONSIN HOUSING PRESERVATION CORP. & SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Continued)

December 31, 2020 and 2019

	2020	2019
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current maturities of long-term debt	\$ 19,406,462	\$ 8,140,215
Development and other company fees payable	2,159,899	1,944,196
Accounts payable	1,397,198	2,121,990
Construction payable	1,649,194	816,665
Accrued interest	1,827,564	1,736,983
Accrued property taxes and PILOT	446,344	512,045
Prepaid rents	453,338	301,418
Tenants' security deposits payable	2,640,548	2,620,762
Other accrued expenses	1,237,801	832,922
Operating lease liabilities	156,006	76,867
Total current liabilities	31,374,354	19,104,063
LONG-TERM LIABILITIES		
Contract liabilities	370,039	245,598
Long-term debt, net, less current maturities	279,761,545	287,674,908
Interest rate swaps	3,928,164	2,269,032
Notes payable	67,013	67,013
Lines of credit, long-term	19,000,000	19,525,570
Operating lease liabilities	2,155,696	905,671
Total long-term liabilities	305,282,457	310,687,792
TOTAL LIABILITIES	336,656,811	329,791,855
NET ASSETS		
Net assets without donor restrictions:		
Noncontrolling interest in LLCs	85,242,096	80,089,331
Other	93,629,983	91,427,834
Total net assets without donor restrictions	178,872,079	171,517,165
Net assets with donor restrictions, Capital Magnet Fund	0	678,570
Total net assets	178,872,079	172,195,735
TOTAL LIABILITIES AND NET ASSETS	\$ 515,528,890	\$ 501,987,590

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

WISCONSIN HOUSING PRESERVATION CORP. & SUBSIDIARIES

CONSOLIDATED STATEMENTS OF ACTIVITIES

Years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenues, gains, and other support:		
Investment income (loss):		
Investment return, net	\$ 450,763	\$ 1,151,834
Change in value of interest rate swaps	<u>(1,659,132)</u>	<u>(1,377,434)</u>
Total investment income (loss)	(1,208,369)	(225,600)
Income from rental activities:		
Rental income, net of vacancies	73,050,773	71,086,624
Grant revenue	3,023,552	1,272,558
Other revenue	1,184,633	1,200,761
Gain (loss) on sale and involuntary conversion	<u>(277,351)</u>	<u>404,864</u>
Total income from rental activities	<u>76,981,607</u>	<u>73,964,807</u>
Total revenues, gains, and other support	75,773,238	73,739,207
Expenses and losses:		
Program expenses (See Note O for functional expense allocation):		
Expenses related to rental activities:		
Property management fees	4,692,325	4,517,255
Asset management fees	4,588,043	5,914,026
Rental administrative expenses	10,664,596	10,626,704
Utilities	6,422,970	6,613,029
Operating and maintenance	14,305,333	15,430,112
Operating lease expense	243,949	114,120
Variable lease payment expense	17,040	16,032
Taxes and insurance	5,945,990	5,952,557
Financial expenses	13,716,380	14,432,094
Preservation fees	36,943	35,845
Depreciation	13,734,386	13,373,388
Amortization	<u>107,111</u>	<u>94,142</u>
Total expenses related to rental activities	<u>74,475,066</u>	<u>77,119,304</u>
Total program expenses	74,475,066	77,119,304
Management and general (See Note O for functional expense allocation)	<u>4,856,368</u>	<u>1,241,462</u>
Total expenses	79,331,434	78,360,766
Net assets released from restrictions	678,570	1,813,150
Noncontrolling interest in LLCs	(5,047,367)	(5,554,717)
Net assets, without donor restrictions	<u>2,167,741</u>	<u>2,746,308</u>
Change in net assets without donor restrictions	(2,879,626)	(2,808,409)
NET ASSETS WITH DONOR RESTRICTIONS		
Grant revenue	0	0
Net assets released from restrictions	<u>(678,570)</u>	<u>(1,813,150)</u>
Change in net assets with donor restrictions	<u>(678,570)</u>	<u>(1,813,150)</u>
Change in net assets	(3,558,196)	(4,621,559)
Net assets, beginning	172,195,735	163,528,685
Capital contributions, noncontrolling interest	10,504,793	13,499,833
Distributions, noncontrolling interest	(238,933)	(75,087)
Syndication costs, noncontrolling interest	<u>(31,320)</u>	<u>(136,137)</u>
Net assets, ending	<u>\$ 178,872,079</u>	<u>\$ 172,195,735</u>

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

WISCONSIN HOUSING PRESERVATION CORP. & SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (3,558,196)	\$ (4,621,559)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	13,734,386	13,373,388
Amortization	107,111	94,142
Amortization of debt issuance costs	728,763	565,978
Amortization of implementation costs	43,526	0
Noncash portion of operating lease expense	21,265	9,372
Net (gains) losses on investments	(121,424)	(155,018)
Proration of rental activity upon acquisition of net assets	0	(30,839)
Change in value of interest rate swap	1,659,132	1,377,434
Increase (decrease) in cash (net of purchase of assets from former owners) due to changes in:		
Accounts receivable, WHEDA/HUD	198,737	(126,807)
Accounts receivable, tenants	(108,031)	(89,049)
Accounts receivable, other	(254,507)	50,451
Accrued interest receivable	10,711	(10,926)
Prepaid expenses	(537,851)	56,762
Accounts payable	(724,792)	(309,886)
Accrued interest	90,581	158,032
Accrued property taxes and PILOT	(65,701)	(135,770)
Prepaid rents	151,920	62,854
Tenants' security deposits payable	19,786	44,132
Other accrued expenses	436,799	(122,117)
Contract liabilities	124,441	(69,651)
Net cash provided by operating activities	11,956,656	10,120,923
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash paid on acquisition of net assets from former owners	(532,390)	(741,332)
Capital expenditures	(18,229,960)	(12,659,969)
Proceeds from sales of investments	15,709,861	17,238,529
Purchases of investments	(16,550,644)	(16,464,438)
Payment of development fee payable	(741,007)	(791,103)
Payment of implementation costs	(277,806)	0
Net cash used in investing activities	(20,621,946)	(13,418,313)

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

WISCONSIN HOUSING PRESERVATION CORP. & SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

Years ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on lines of credit	\$ (525,570)	\$ (4,439,837)
Proceeds from long-term debt	38,879,475	55,366,515
Principal payments on long-term debt	(35,640,709)	(52,920,115)
Contributions by noncontrolling interest	10,504,793	13,499,833
Distributions to noncontrolling interest	(238,933)	(75,087)
Payment of syndication costs	(31,320)	(136,137)
Payment of development fee payable	(39,517)	(11,250)
Payments of tax credit fees	(131,843)	(198,307)
Payments of debt issuance costs	(614,645)	(1,327,375)
	12,161,731	9,758,240
Net cash provided by financing activities	12,161,731	9,758,240
Change in cash, cash equivalents, and restricted cash	3,496,441	6,460,850
Cash, cash equivalents and restricted cash:		
Beginning	79,579,222	73,118,372
Ending	\$ 83,075,663	\$ 79,579,222
RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH TO STATEMENT OF FINANCIAL POSITION		
Cash and cash equivalents	\$ 34,830,721	\$ 36,015,666
Tenants' security deposits	2,751,175	2,721,624
Funded reserves	45,414,421	40,737,664
Other funded reserves	79,346	104,268
	\$ 83,075,663	\$ 79,579,222
Total cash, cash equivalents, and restricted cash	\$ 83,075,663	\$ 79,579,222
SUPPLEMENTAL DISCLOSURE(S) OF CASH FLOW INFORMATION		
Cash payments for interest, net of capitalized interest	\$ 12,365,914	\$ 13,424,551
SUPPLEMENTAL SCHEDULE(S) OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Construction payables included in rental property and construction / acquisitions in progress	\$ 832,529	\$ 816,665
Development fee payable capitalized into the cost of the building	\$ 964,307	\$ 845,784
Acquisition of net assets from former owners, net of cash:		
Assets acquired:		
Buildings, furnishings, land, and construction in progress	\$ (532,390)	\$ (3,343,363)
Net other assets received net of liabilities assumed	0	2,602,031
Net assets acquired	(532,390)	(741,332)
Cash paid	\$ (532,390)	\$ (741,332)

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

WISCONSIN HOUSING PRESERVATION CORP. & SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020

NOTE A -- Nature of business and significant accounting policies

Nature of business

The Wisconsin Housing Preservation Corp. (WHPC) was formed on December 17, 2001, for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code (IRC). WHPC's primary purpose is to acquire, own, finance and rehabilitate housing for the benefit of low and moderate-income persons located primarily in Wisconsin. WHPC and Subsidiaries (collectively referred to herein as the organization) invest in elderly and multifamily affordable housing projects located throughout the state of Wisconsin and one property located in northern Iowa. References to "project" or "projects" shall mean all elderly and multifamily affordable housing projects owned or controlled directly or indirectly by WHPC that are included in these financial statements. The subsidiaries of WHPC include 84 wholly-owned projects, three exempt organizations controlled by WHPC which contain 4 individual projects and 22 for-profit limited liability companies controlled by WHPC which contain 54 individual projects.

Pursuant to Section 8 of Title II of the United States Housing Act of 1937, as amended, certain rents on the apartments are subsidized by governmental payments through housing assistance payments (HAP) contracts with the U.S. Department of Housing and Urban Development (HUD) and Rental Assistance Program (RAP) contracts with the U.S. Department of Agriculture - Rural Development (RD). Rental revenue under the HAP and RAP contracts represents approximately 53% and 52% of net rental income for 2020 and 2019, respectively.

A summary of significant accounting policies follows:

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 consolidation

The financial statements include the accounts of WHPC, its wholly owned subsidiaries and controlled companies. All significant intercompany transactions are eliminated in consolidation.

A description of funds is as follows:

WHPC has principally one program, that of providing affordable multifamily housing to elderly, disabled, and families through federally assisted rental programs. The Real Estate Portfolio Fund is comprised primarily of the real estate projects owned by WHPC.

The Investment Fund is comprised of real estate projects controlled by WHPC, whereby the organization owns a minority interest.

The Investment Fund has no donor restrictions and is comprised primarily of investment accounts held at Associated Bank, N.A. and includes income and expense activities not accounted for by other WHPC funds. It also includes expenditures made for projects that WHPC intends to acquire.

WISCONSIN HOUSING PRESERVATION CORP. & SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020

NOTE A -- Nature of business and significant accounting policies (Continued)

Basis of presentation

Under accounting principles generally accepted in the United States of America (U.S. GAAP), the organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are reflective of revenues and expenses associated with the principal programs and activities of the organization and are not subject to donor-imposed stipulations. The organization has one program, that of providing housing to low-income families. Net assets with donor restrictions have been limited by donor-imposed time or purpose restrictions.

Use of estimates

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

Exempt status

WHPC, Whitewater Manor, Inc., and Oakfield Housing, Inc. (wholly owned subsidiaries) are exempt from federal income taxes under IRC Section 501(c)(3) as public charities and not private foundations. All three entities are also exempt from Wisconsin income tax. Suring Non-Profit Housing Corporation (Suring) is a wholly owned subsidiary exempt from federal income taxes under Section 501(c)(4) as a social welfare organization. Suring is also exempt from Wisconsin income tax.

All of the limited liability companies (LLCs), except for 7 subsidiaries, are operated in a manner consistent with their treatment as disregarded entities for federal and state income tax purposes whereby the activities of the LLCs are reported directly by their owner, WHPC. Five of the LLCs have elected to be treated as taxable corporations while the other two have elected to be treated as partnerships. Income taxes totaled \$24,280 and \$27,255 for the years ended December 31, 2020 and 2019, respectively, and are included in taxes and insurance expense on the statements of activities. There were no income taxes payable as of December 31, 2020 and 2019.

Cash and cash equivalents

For purposes of reporting cash flows, WHPC considers all investments purchased with a maturity of three months or less to be cash equivalents, with the exception of cash not available to the projects due to restrictions placed on them. The organization maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investments

Purchased investments are recorded at fair value. Realized gains and losses on sales of investments are determined on the basis of specific identification of the cost of the securities sold. Investment return, net is reported in the statements of activities and consists of interest and dividend income, realized and unrealized gain and losses, less external investment expenses.

WISCONSIN HOUSING PRESERVATION CORP. & SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020

NOTE A -- Nature of business and significant accounting policies (Continued)

Accounts receivable and financing receivables

The organization utilizes the direct write-off method of accounting for bad debts. The use of this method has no material effect on the financial statements. Accounts receivable are not interest bearing. Accounts receivable are written off when management determines an account is uncollectible, based on its history of past write-offs, collections, and current credit conditions.

Revenue recognition

Interest and dividend income is recognized when earned and primarily consists of interest and dividends from investments and interest from the general operating cash.

Rental revenue is recognized when earned. The projects lease apartments to eligible applicants under operating leases which are substantially all on a yearly basis.

Other revenue consists of various tenant charges and other services and is recognized when the service is complete.

Unconditional promises to give are recognized as revenue or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Contributions or grants are recognized when received and there are no donor-imposed conditions that exist. Contributions or grants recognized as revenue are recorded as increases in net assets with donor restrictions or net assets without donor restrictions depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions 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 net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions.

Funded reserves

Management has determined under ASC 210-10-45 that certain reserves including replacement reserves and capital needs reserves should be classified as current assets on the statements of financial position due to their availability to fund operating shortfalls and other short term obligations.

Impairment of long-lived assets

The organization reviews long-lived assets, including rental property and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

WISCONSIN HOUSING PRESERVATION CORP. & SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020

NOTE A -- Nature of business and significant accounting policies (Continued)

Rental property

Rental property is stated at cost. WHPC's general policy is to use a unit cost of \$1,000 or more when capitalizing rental property with a useful life greater than one year. Depreciation of rental property is computed on the straight-line method based upon the following estimated useful lives of the assets: Land improvements (15 years), buildings and improvements (27.5-40 years), furnishings and fixtures (5-10 years), leasehold improvements (16 – 17 years).

Maintenance and repairs of rental property are charged to operations, and major improvements are capitalized. Upon retirement, sale or other disposition of rental property, the cost and accumulated depreciation are eliminated from the accounts, and any resulting gain or loss is included in operations.

Donated assets

Donated assets are recorded as contributions at their estimated fair values at the date of donation. Such donations are reported as increases in net assets without restrictions unless the donor has restricted the donated asset to a specific purpose.

Investment in limited partnerships and LLCs

A donation was made to WHPC in 2005 to become a replacement 1% general partner in 11 limited partnerships. WHPC created 11 subsidiary LLCs, of which WHPC is the sole member, to become the replacement general partners in the 11 limited partnerships. The limited partner has previously donated its 99% interests to the respective LLCs for all 11 of the limited partnerships. The contributed assets and liabilities assumed by these LLCs are included in the financial statements.

During 2017, WHPC purchased a 5% interest in Strong Blocks Milwaukee II, LLC (Strong Blocks), a company dedicated to revitalizing urban Milwaukee neighborhoods by helping qualified families achieve homeownership through their Rent to Own Program (See Note D). This investment is being accounted for under the equity method where the assets, liabilities and activities of this investment are not included in the financial statements. The use of this method has no material effect on the financial statements.

WISCONSIN HOUSING PRESERVATION CORP. & SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 December 31, 2020

NOTE A -- Nature of business and significant accounting policies (Continued)

In addition, WHPC is the managing member of the following entities:

	<u>Percent Interest</u>
Green Bay Senior Apartments - Morrow, LLC	0.009 %
Green Bay Senior Apartments - University, LLC	0.009 %
Scoville Center, LLC	0.005 %
WHPC-Hampton Regency, LLC	0.005 %
WHPC-NIBP Portfolio, LLC	0.00711%
La Corona Apartments, LLC	0.010 %
Walworth Apartments, LLC	0.005 %
Green Bay Family Apartments, LLC	0.010 %
WHPC-Northwinds-Manitowoc, LLC	0.005 %
WHPC-Southern Bond Pool I, LLC	0.00711%
WHPC-Greenwood-Ladysmith, LLC	0.005 %
WHPC-Edgewater Terrace-Two Rivers, LLC	0.005 %
WHPC-Washburn County-Hilltop Manor, LLC	0.010 %
Tennyson Ridge, LLC	0.005 %
CityPlace I, LLC	0.005 %
WHPC-River Cove-Stevens Point, LLC	0.010 %
WHPC-River Falls Terrace, LLC	0.010 %
WHPC-JNM, LLC	0.010 %
WHPC-NW Holding Company, LLC and Subsidiaries	0.010 %
WHPC-Rhineland, LLC	0.010 %
WHPC-New Glarus, LLC	0.010 %
WHPC-Main and Cleveland-Milwaukee, LLC	0.010 %

The assets, liabilities and activities of these investments are included in the financial statements. The investor members' interest of these investments is segregated and classified as noncontrolling interest in LLCs on the statements of financial position.

Debt issuance costs

In connection with the mortgage loans on certain projects owned by WHPC, the organization has incurred debt issuance costs totaling \$7,423,536 and \$7,448,938 as of December 31, 2020 and 2019, respectively. The organization is amortizing these costs into interest expense using the effective interest method and straight-line method over the lives of the related loans. The use of the straight-line method rather than the effective interest method has no material effect on the financial statements.

Amortization costs included in financial expense amounted to \$728,763 and \$565,978 for the years ended December 31, 2020 and 2019, respectively.

WISCONSIN HOUSING PRESERVATION CORP. & SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020

NOTE A -- Nature of business and significant accounting policies (Continued)

Tax credit fees

In connection with obtaining allocations of low-income housing tax credits, the organization paid fees to the Wisconsin Housing and Economic Development Authority (WHEDA) and other corresponding costs. The cumulative amount of fees paid totaled \$1,598,003 and \$1,472,528 as of December 31, 2020 and 2019, respectively. The organization is amortizing these fees on the straight-line basis over the related tax credit compliance periods of 15 years.

Implementation costs

WHPC incurred costs of \$277,806 for implementing RealPage software at WHPC and Horizon Management Corporation. These costs consist of RealPage license fee, set-up, training, and labor. The organization is amortizing these fees on the straight-line basis over the life of the license of 3 years.

Derivative instruments

WHPC uses derivatives to manage risks related to interest rate movements. Its interest rate swap contracts are used to hedge the risk of changes in interest rates. The unrealized gain or loss, which represents the change in the fair value of the swaps, is reflected in the statements of activities as "change in value of interest rate swaps". The net settlement, which is the difference between the interest paid and received under the swap contracts, is reflected in financial expense in the statements of activities.

Current vulnerability due to certain concentrations

The operations of several projects owned by WHPC are concentrated in the low-income housing residential real estate market. In addition, these projects operate in a heavily regulated environment. The operations of these projects are subject to administrative directives, rules and regulations of federal, state and local regulatory agencies including, but not limited to HUD and RD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD and RD. Such changes may occur with little or inadequate funding to pay for the related cost, including additional administrative burden to comply with a change.

New accounting standard adopted - Leases

In February 2016, the FASB issued guidance codified in ASC Topic 842, Leases, which amends the guidance in former ASC Topic 840. The new standard increases transparency and comparability by requiring the recognition by lessees of right-of-use (ROU) assets and lease liabilities on the statement of financial position for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The organization was required to adopt the lease standard effective January 1, 2020. The lease standard requires a modified retrospective transition approach as of January 1, 2019, the transition date. The organization elected the package of practical expedients which permits us to not reassess (1) whether any expired or existing contracts are or contain leases, (2) the lease classification for any expired or existing leases, and (3) any initial direct costs for any existing leases as of the effective date.

WISCONSIN HOUSING PRESERVATION CORP. & SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020

NOTE A -- Nature of business and significant accounting policies (Continued)

Adoption of the lease standard had a material impact on the statements of financial position. As a lessee, certain previously reported financial statement amounts were adjusted to include the recognition of ROU assets and lease liabilities for operating leases. See the table below for the impact of adoption of the lease standard on the statement of financial position as of December 31, 2019:

	As Previously Reported	New Lease Standard Adjustment	As Adjusted
Consolidated Statements of Financial Position			
Total operating lease right-of-use assets	\$ 0	\$ 973,166	\$ 973,166
Total operating lease liabilities	0	982,538	982,538
Net assets, without donor restrictions, Other	91,437,206	91,427,834	9,372
Consolidated Statements of Activities			
Rental administrative expenses	10,747,484	10,626,704	120,780
Operating lease expense	0	114,120	114,120
Variable lease payment expense	0	16,032	16,032
Consolidated Statements of Cash Flows			
Noncash portion of operating lease expense	0	9,372	9,372

Subsequent events

These financial statements have not been updated for subsequent events occurring after May 27, 2021, which is the date these financial statements have been issued. The organization has no responsibility to update these financial statements for events and circumstances occurring after this date.

WISCONSIN HOUSING PRESERVATION CORP. & SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020

NOTE B -- Funded reserves

Funded reserves consist of the following:

	<u>2020</u>	<u>2019</u>
Mortgage escrow deposits	\$ 2,103,576	\$ 1,681,138
Replacement reserves	7,274,948	5,892,808
Restricted cash controlled by WHEDA/HUD/RD/Bond Trustee/Investor Member/Other:		
Mortgage escrow deposits	626,720	571,238
Replacement reserves	20,723,542	18,693,026
Residual receipts reserves	149,885	149,776
Capital needs assessment escrows	1,626,172	1,274,122
Development cost escrows	7,616	5,716
Development fee holdback escrow	0	73,007
Operating deficit reserves	9,557,252	9,125,387
Section 8 transition reserve	525,436	524,712
Restabilization reserve	281,536	281,412
Supplemental reserve	1,000,000	1,000,000
Bond reserves	1,416,491	1,332,858
Other restricted cash	<u>121,247</u>	<u>132,464</u>
Funded reserves - current	<u>\$ 45,414,421</u>	<u>\$ 40,737,664</u>
Asset management fee reserve	<u>\$ 79,346</u>	<u>\$ 104,268</u>
Other funded reserves	<u>\$ 79,346</u>	<u>\$ 104,268</u>

Replacement reserves

Replacement reserves are established by the organization for the benefit of the projects, including improvements, repairs, and operations. These funds are maintained in interest bearing accounts separate from the projects' operating accounts. Withdrawal of the funds may require approval by WHPC, the regulatory agency, the lender, or the bond trustee.

Residual receipts reserves

HUD requires some projects to remit all cash remaining, if any, after the establishment of all required escrows and reserves and the payment of all expenses and allowable disbursements to a residual receipts fund on an annual basis. These funds are maintained by HUD and disbursements are at their sole discretion.

Capital needs assessment and development cost escrows

The capital needs assessment and development cost escrows are to be used for repairing or replacing structural elements or equipment of the projects or other operating expenses approved by WHEDA.

WISCONSIN HOUSING PRESERVATION CORP. & SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020

NOTE B -- Funded reserves (Continued)

Development fee holdback escrow

The development fee holdback escrow is required by WHEDA to retain 10% of the total development fee for the organization's Shelter properties. The escrow was released by WHEDA in 2020. Withdrawals from the escrow may be made only upon approval by WHEDA.

Operating deficit reserves

The operating deficit reserves are to be used to fund potential cash flow deficits and to affect the indebtedness thereon. The majority of the reserves require prior approval of WHEDA or the investor for any withdrawals.

Section 8 transition reserve

In connection with the Green Bay Senior Apartments projects, the organization was required to establish Section 8 transition reserves. Funds from the Section 8 transition reserve may be used with the consent of the special investor member of the Green Bay Senior Apartments projects.

Restabilization reserve

In connection with the mortgage related to the Capitol Centre project, the organization is required to maintain a restabilization reserve. Reserve funds are to be used to pay or avoid the accrual of operating deficits, prevent or cure either a delinquency or an event of default under the mortgage or to reimburse the lender for costs in connection with the mortgage.

Supplemental reserve

In connection with WHPC-Southern Bond Pool I, LLC, the entity was required to establish a segregated reserve in the amount of \$1,000,000 to fund operating deficits upon depletion of the operating reserve and once the subordinated loan cap has been reached. Disbursements may be made only with approval of the special member.

Bond reserves

In connection with the WHEDA Multifamily Housing Bonds 2017 Series A and B described in Note F, the bond indenture requires various reserves to be established for future payments on capital expenditures, operating expenditures, and bond obligations. Disbursements may be made only with approval of the bond trustee.

Asset management fee reserve

In connection with WHPC-NIBP Portfolio, LLC, the entity was required to deposit \$250,000 into an asset management fee reserve. Disbursements are restricted for the payment of the annual asset management fee to the entity's special member. Any balance remaining at the end of the compliance period is to be distributed to the investment member of WHPC-NIBP Portfolio, LLC.

WISCONSIN HOUSING PRESERVATION CORP. & SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020

NOTE C -- Rental property, net

Rental property, net consists of the following:

	<u>2020</u>	<u>2019</u>
Land	\$ 43,138,545	\$ 42,975,890
Land improvements	13,509,593	11,453,953
Buildings and improvements	439,929,120	426,918,900
Furnishings and fixtures	26,371,647	22,700,621
Leasehold improvements	<u>48,339</u>	<u>0</u>
Total rental property	522,997,244	504,049,364
Less accumulated depreciation	<u>112,100,821</u>	<u>99,614,438</u>
Rental property, net	<u>\$ 410,896,423</u>	<u>\$ 404,434,926</u>

NOTE D -- Investments

Short-term investments are stated at fair value and consist of the following:

	<u>2020</u>	<u>2019</u>
Corporate notes and bonds	\$ 3,068,085	\$ 3,203,060
US government instruments	2,550,510	3,034,495
Federal agency obligations	<u>7,614,078</u>	<u>6,036,600</u>
Total short-term investments	<u>\$ 13,232,673</u>	<u>\$ 12,274,155</u>

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities may occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Long-term investments consist of WHPC's investment in Strong Blocks as described in Note A. The value of the investment was \$45,782 and \$42,093 as of December 31, 2020 and 2019, respectively.

NOTE E -- Interest rate swap agreements

WHPC's purpose of entering into interest rate swap agreements is to hedge against the risk of interest rate increases on related variable rate debt. WHPC did not make a hedging designation, and therefore accounts for the change in value of the interest rate swaps under a "no hedge designation". The fair value of the derivative financial instruments is reflected on the statements of financial position in accordance with U.S. GAAP.

WISCONSIN HOUSING PRESERVATION CORP. & SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020

NOTE E -- Interest rate swap agreements (Continued)

In 2007, WHPC entered into three interest rate swap agreements with a financial institution. WHPC pays a fixed rate of interest ranging from 3.565% to 3.955% on a notional amount for a period ranging from 10 to 15 years (expiration dates ranging from October 2017 to July 2022) related to the Taxable Variable Rate Demand Notes, Series 2007 issued by U.S. Bank National Association (see Note F). The notional amount is equal to the outstanding balance of the bonds payable. The financial institution pays WHPC interest based on the variable open rate, adjusted weekly. As of December 31, 2020, only the swap agreement related to the bonds issued by the Community Development Authority of the City of Whitewater, Wisconsin is effective.

In 2015, WHPC-Greenwood-Ladysmith, LLC entered into an interest rate swap agreement with a financial institution. The project pays a fixed rate of interest of 2.78% on an amortizing notional amount for a period of 17 years related to the permanent mortgage note payable with BMO Harris Bank (see Note F). The notional amount is equal to the outstanding balance of the mortgage note payable. The financial institution pays the project interest based on the variable open rate.

In 2016, WHPC-Washburn County-Hilltop Manor, LLC entered into an interest rate swap agreement with a financial institution. The project pays a fixed rate of interest of 4.58% on an amortizing notional amount for a period of 16.5 years related to a permanent mortgage note payable with Associated Bank (f/k/a Bank Mutual) (see Note F). The notional amount is equal to the outstanding balance of the mortgage note payable. The financial institution pays the project interest based on the variable open rate.

In 2017, WHPC-River Cove-Stevens Point, LLC entered into an interest rate swap agreement with a financial institution. The project pays a fixed rate of interest of 2.705% on an amortizing notional amount for a period of 16.5 years related to a permanent mortgage note payable with First Business Bank (see Note F). The notional amount is equal to the outstanding balance of the mortgage note payable. The financial institution pays the project interest based on the variable open rate.

In 2018, Tennyson Ridge, LLC entered into an interest rate swap agreement with a financial institution. The project pays a fixed rate of interest of 4.13% on an amortizing notional amount for a period of 15 years related to a permanent mortgage note payable with Associated Bank (see Note F). The notional amount is equal to the outstanding balance of the mortgage note payable. The financial institution pays the project interest based on the variable open rate.

In 2018, WHPC-JNM, LLC entered into an interest rate swap agreement with a financial institution. The project pays a fixed rate of interest of 3.30% on an amortizing notional amount for a period of 15 years related to a permanent mortgage note payable with Associated Bank (see Note F). The notional amount is equal to the outstanding balance of the mortgage note payable. The financial institution pays the project interest based on the variable open rate.

In 2018, WHPC-Taylor Ridge-Cottage Grove, LLC and WHPC-Meadow Grove-Madison, LLC entered into an interest rate swap agreement with a financial institution. The projects pay a fixed rate of interest of 2.97% on an amortizing notional amount for a period of 7 years related to a permanent mortgage note payable with Associated Bank (see Note F). The notional amount is equal to the outstanding balance of the mortgage note payable. The financial institution pays the project interest based on the variable open rate.

WISCONSIN HOUSING PRESERVATION CORP. & SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020

NOTE E -- Interest rate swap agreements (Continued)

In 2019, WHPC-New Glarus, LLC entered into an interest rate swap agreement with a financial institution. The project pays a fixed rate of interest of 4.41% on an amortizing notional amount for a period of 15 years related to a permanent mortgage note payable with Johnson Bank (see Note F). The notional amount is equal to the outstanding balance of the mortgage note payable. The financial institution pays the project interest based on the variable open rate.

The fair values of the interest rate swap agreements were (\$3,928,164) and (\$2,269,032) as of December 31, 2020 and 2019, respectively, and are shown as a liability called "interest rate swaps" on the statements of financial position. The change in value of the interest rate swap agreements was (\$1,659,132) and (\$1,377,434) for the years ended December 31, 2020 and 2019, respectively, and is shown as "change in value of interest rate swaps" in the statements of activities. Net swap settlements of \$703,881 and \$277,104 were recorded as an increase to interest expense for the years ended December 31, 2020 and 2019, respectively.

NOTE F -- Long-term debt

Long-term debt consists of the following:

	2020	2019
WHEDA; nonrecourse; monthly payments totaling approximately \$419,004 including interest rates ranging from non-interest bearing to 10.45%; due dates ranging from January 2021 to February 2057; collateralized by mortgages on various rental properties, assignment of rents and general business agreements; unamortized debt issuance costs associated with these notes totaled \$1,073,869 and \$1,163,521 as of December 31, 2020 and 2019, respectively.	\$ 82,480,276	\$ 84,365,665
State of Wisconsin, Department of Administration through the HOME Investment Partnership Program; nonrecourse; interest rates range from non-interest bearing to 3.0%; due dates at maturity ranging from December 2025 to April 2049; collateralized by various rental properties and subordinated mortgages; unamortized debt issuance costs associated with these notes totaled \$1,225 and \$1,284 as of December 31, 2020 and 2019, respectively.	<u>3,016,318</u>	<u>2,636,348</u>
Balance carried forward	85,496,594	87,002,013

WISCONSIN HOUSING PRESERVATION CORP. & SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020

NOTE F -- Long-term debt (Continued)

	2020	2019
Balance brought forward	\$ 85,496,594	\$ 87,002,013
HUD; nonrecourse; annual payments, including simple interest at 1%, payable solely from 50% of surplus cash; due September 2045; collateralized by a mortgage on WHPC-Statewide, LLC; unamortized debt issuance costs associated with this note totaled \$44,343 and \$46,140 as of December 31, 2020 and 2019, respectively.	1,375,345	1,569,210
Hunt Mortgage Group; \$4,709,246 and \$4,794,599 of the mortgages were insured by HUD as of December 31, 2020 and 2019, respectively; non-recourse; monthly payments of \$129,397, including interest at rates ranging from 4.25% to 5.19%; due dates ranging from May 2030 to January 2049; collateralized by mortgages and assignment of rents and leases on various rental properties; unamortized debt issuance costs associated with these notes totaled \$309,938 and \$337,064 as of December 31, 2020 and 2019, respectively.	23,614,657	23,960,248
First Business Bank; non-recourse; monthly payments totaling approximately \$63,505, including interest rates ranging from 3.23% to 4.60%; due dates ranging from November 2021 to May 2034; collateralized by mortgages on various rental properties; unamortized debt issuance costs associated with these notes totaled \$100,375 and \$146,299 as of December 31, 2020 and 2019, respectively.	13,331,313	13,591,126
Associated Bank, N.A.; non-recourse; monthly payments totaling approximately \$140,162 including interest at rates ranging from 2.14% to 6.91%; due dates ranging from September 2021 to May 2034; collateralized by a first mortgage on various rental properties; unamortized debt issuance costs associated with these notes totaled \$533,617 and \$313,057 as of December 31, 2020 and 2019, respectively.	45,543,388	29,588,288
Balance carried forward	169,361,297	155,710,885

WISCONSIN HOUSING PRESERVATION CORP. & SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 December 31, 2020

NOTE F -- Long-term debt (Continued)

	2020	2019
Balance brought forward	\$ 169,361,297	\$ 155,710,885
JP Morgan Chase Bank N.A. (JP Morgan); non-recourse; monthly payments of \$11,758 including interest at 7.33%; due October 2030; collateralized by a first mortgage on the rental property of Green Bay Senior Apartments – University; unamortized debt issuance costs associated with this note totaled \$42,173 and \$46,503 as of December 31, 2020 and 2019, respectively.	1,533,830	1,559,571
Bellwether Enterprise Real Estate Capital; \$2,925,847 and \$2,979,701 of the mortgages were insured by HUD as of December 31, 2020 and 2019, respectively; non-recourse; monthly payments totaling approximately \$99,370 including interest rates ranging from 3.85% to 5.44%; due December 2049; collateralized by mortgages and assignment of rents of various rental properties; unamortized debt issuance costs associated with these notes totaled \$137,130 and \$164,976 as of December 31, 2020 and 2019, respectively.	2,925,847	16,318,058
Dougherty; HUD-insured mortgage note payable; non-recourse; monthly payments of \$22,512, including interest at 3.88%; due August 1, 2046; collateralized by the rental property including assignment of rents and leases thereon of WHPC-Statewide, LLC; unamortized debt issuance costs associated with this note totaled \$190,561 and \$203,448 as of December 31, 2020 and 2019, respectively.	4,386,399	4,484,283
Balance carried forward	178,207,373	178,072,797

WISCONSIN HOUSING PRESERVATION CORP. & SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020

NOTE F -- Long-term debt (Continued)

	2020	2019
Balance brought forward	\$ 178,207,373	\$ 178,072,797
Impact Preservation Corporation; nonrecourse; monthly payments totaling approximately \$10,161, including interest rates ranging from 3.0% to 3.50%; due dates ranging from September 2040 to September 2041; collateralized by mortgages on various rental properties; unamortized debt issuance costs associated with these notes totaled \$36,573 and \$38,421 as of December 31, 2020 and 2019, respectively.	1,809,052	1,873,114
Starion Bank; nonrecourse; monthly payments of \$54,978 including interest rates ranging from 3.93% to 5.55%; due dates ranging from August 2020 to January 2035; collateralized by the rental property including assignment of rents and leases thereon; unamortized debt issuance costs associated with these notes totaled \$36,769 and \$65,750 as of December 31, 2020 and 2019, respectively.	5,169,350	10,724,522
Barings; non-recourse; monthly payments of \$23,692, including interest at 5.23%; due December 2028; collateralized by the rental property including assignment of rents and leases thereon of Walworth Apartments, LLC; unamortized debt issuance costs associated with this note totaled \$67,565 and \$76,652 as of December 31, 2020 and 2019, respectively.	4,180,614	4,244,450
State Bank of Cross Plains; non-recourse; monthly payments totaling approximately \$18,047 including interest at rates ranging from 3.95% to 5.19%; due dates ranging from January 2021 to December 2025; collateralized by a first mortgage on various rental properties; unamortized debt issuance costs associated with these notes totaled \$16,995 and \$32,678 as of December 31, 2020 and 2019, respectively.	3,828,455	3,934,993
Balance carried forward	193,194,844	198,849,876

WISCONSIN HOUSING PRESERVATION CORP. & SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020

NOTE F -- Long-term debt (Continued)

	2020	2019
Balance brought forward	\$ 193,194,844	\$ 198,849,876
NorthMarq Capital, LLC; non-recourse; monthly payments totaling approximately \$54,879, including interest at rates ranging from 4.30% to 4.34%; due December 2024; collateralized by a first mortgage on various rental properties; unamortized debt issuance costs associated with these notes totaled \$130,518 and \$164,568 as of December 31, 2020 and 2019, respectively.	9,869,199	10,088,471
Community Development Authority of the City of Whitewater, Wisconsin Variable Rate Demand Multifamily Housing Revenue Bonds, Series 2007; nonrecourse; the bonds have a variable interest rate (0.10% at December 31, 2020), as determined each week by a remarketing agent, and annual principal payments beginning January 2010, ranging from \$140,000 to \$670,000 with the last payment on June 1, 2042; collateralized by the related rental properties; unamortized debt issuance costs associated with these bonds totaled \$134,919 and \$148,800 as of December 31, 2020 and 2019, respectively.	8,165,000	8,405,000
BMO Harris Bank, N.A.; monthly payments including principal and interest on the outstanding balance at a variable rate equal to the Adjusted LIBOR rate (as that item is defined in the loan agreement) plus 1.90% (interest rate) (2.85% at December 31, 2020); due on January 30, 2032; collateralized by the rental property including assignment of rents and leases thereon of WHPC-Greenwood-Ladysmith; unamortized debt issuance costs associated with this note totaled \$12,971 and \$14,142 as of December 31, 2020 and 2019, respectively.	1,195,400	1,218,820
RD; nonrecourse; monthly payments totaling \$24,951, including interest ranging from 1.0% to 8.75% which is partially subsidized by RD, resulting in an effective interest rate of approximately 1%; due dates ranging from April 2031 to November 2094; collateralized by mortgages on various rental properties.	10,786,279	10,936,116
Balance carried forward	223,210,722	229,498,283

WISCONSIN HOUSING PRESERVATION CORP. & SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 December 31, 2020

NOTE F -- Long-term debt (Continued)

	2020	2019
Balance brought forward	\$ 223,210,722	\$ 229,498,283
Lument (f/k/a ORIX Corporation USA); HUD-insured; monthly payments of \$4,936, including interest at 3.71%; due April 2052; collateralized by the rental property including assignment of rents and leases thereon of Whitewater Manor, Inc.; unamortized debt issuance costs associated with this note totaled \$89,674 and \$94,520 as of December 31, 2020 and 2019, respectively.	1,096,473	1,114,663
Lutheran Social Services of Wisconsin and Upper Michigan, Inc.; Affordable Housing Program funds; one payment of principal and accrued interest due at maturity with interest at a rate of 1.9% compounded annually; due the earlier of September 21, 2046 or the date that the property is sold or transferred; full or partial prepayment allowed; collateralized by a subordinated mortgage on Tennyson Ridge, LLC.	850,000	850,000
City of Madison; Affordable Housing Fund Loans; payments ranging from no payments until maturity to an annual, simple interest-only payments at a rate equal to the long term AFR in the month of closing (1.90%); annual payment due on April 1 st starting one year after project completion, subject to cash flow; due dates ranging from April 2035 to November 2048; collateralized by subordinated mortgages on Tennyson Ridge, LLC.	1,000,000	1,000,000
Johnson Bank; non-recourse; monthly payments of \$126,701, including interest ranging from 3.25% to 5.04%; due dates ranging from December 2021 to July 2050; collateralized by a first mortgage on various rental properties; unamortized debt issuance costs related to these notes totaled \$328,984 and \$254,310 as of December 31, 2020 and 2019, respectively.	28,421,548	18,029,033
Balance carried forward	254,578,743	250,491,979

WISCONSIN HOUSING PRESERVATION CORP. & SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020

NOTE F -- Long-term debt (Continued)

	2020	2019
Balance brought forward	\$ 254,578,743	\$ 250,491,979
PNC Bank; non-recourse; monthly payments of \$52,563, including interest ranging from 4.11% to 4.20%; due dates ranging from December 2022 to January 2023; collateralized by a first mortgage on various rental properties; unamortized debt issuance costs associated with these notes totaled \$13,640 and \$20,460 as of December 31, 2020 and 2019, respectively.	10,309,142	10,503,969
WaterStone Bank; non-recourse; monthly payments of \$4,344, including interest at 5.25%; due January 1, 2024; collateralized by a mortgage on the property and the assignment of rents and leases thereon of WHPC-DeNeveu Creek; unamortized debt issuance costs associated with this note totaled \$1,170 and \$1,560 as of December 31, 2020 and 2019, respectively.	758,713	769,999
WHEDA conduit issued 501(c)3 Multifamily Housing Bonds 2017 Series A and B; nonrecourse; the bonds are enhanced by Standard and Poor's with an A+ rating using their Affordable Housing Program rating criteria; the bonds have various interest rates ranging from 3.90% to 5.65%, and annual principal payments ranging from \$35,000 to \$365,000 with the last payment on July 1, 2052; collateralized by the related rental properties; unamortized debt issuance costs associated with these bonds totaled \$820,753 and \$861,727 as of December 31, 2020 and 2019, respectively.	12,155,000	12,310,001
Walker & Dunlop, LLC; non-recourse; monthly payments of \$13,237, including interest at 4.43%; due December 1, 2026; collateralized by a mortgage on the property and the assignment of rents and leases thereon of Brookstone Townhomes; unamortized debt issuance costs associated with this note totaled \$31,603 and \$35,743 as of December 31, 2020 and 2019, respectively.	2,457,047	2,504,070
Balance carried forward	280,258,645	276,580,018

WISCONSIN HOUSING PRESERVATION CORP. & SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020

NOTE F -- Long-term debt (Continued)

	2020	2019
Balance brought forward	\$ 280,258,645	\$ 276,580,018
TIAA Bank; monthly payments of \$104,239, including interest at 3.85%; due June 1, 2034; collateralized by a first mortgage on various rental properties; unamortized debt issuance costs associated with this note totaled \$546,833 and \$595,270 as of December 31, 2020 and 2019, respectively.	21,626,330	22,035,997
Incredible Bank; monthly payments of \$11,813, including interest at 5.20%; due January 10, 2024; collateralized by a first mortgage on various rental properties; unamortized debt issuance costs associated with this note totaled \$35,241 and \$47,078 as of December 31, 2020 and 2019, respectively.	2,074,460	2,105,654
Total mortgage notes payable	303,959,435	300,721,669
Less unamortized debt issuance costs	4,759,851	4,873,969
Less unamortized bond discount	31,577	32,577
Less current maturities	19,406,462	8,140,215
	\$ 279,761,545	\$ 287,674,908

Repayment of principal on the long-term debt as of December 31, 2020, is as follows:

Year ending December 31,	
2021	\$ 19,406,462
2022	23,425,989
2023	11,757,517
2024	28,481,665
2025	17,117,988
Thereafter	203,769,814
	\$ 303,959,435

Capitalized interest totaled \$159,023 and \$111,033 for the years ended December 31, 2020 and 2019, respectively.

In connection with the acquisition of the projects, the organization has assumed several Regulatory Agreements with HUD and WHEDA. The agreements contain, among other things, restrictions on the conveyance, transfer, or encumbrances of any project property, the assumption of additional indebtedness, and the assignment of the rights to manage or receive rents and profits of the affected properties.

WISCONSIN HOUSING PRESERVATION CORP. & SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020

NOTE F -- Long-term debt (Continued)

WHPC obtained irrevocable letters of credit totaling \$10,297,809 for each of the years ended December 31, 2020 and 2019. The letter of credit may be used to pay the aggregate of principal and interest due to bondholder and has an expiration date of July 15, 2022. BMO Harris Bank security interest includes mortgages, assignments of rents and assignment agreements on the respective rental properties.

Prepayment of the mortgage notes for some of the projects are subject to a prepayment premium.

The organization has mortgage notes payable coming due before May 2022 totaling \$15,596,085. The organization has cash, short-term investments, and available line of credit totaling \$59,063,394 to repay these notes when due, if they are not refinanced.

NOTE G -- Notes payable

The Garden View Townhomes project has three promissory notes payable to Boston Capital Corporate Tax Credit Fund XVII totaling \$67,013 for each of the years ended December 31, 2020 and 2019. Interest accrued at a rate of 6.5% on all three notes through December 31, 2016. Beginning on January 1, 2017 interest is to accrue at a rate of 8%. The principal balance and accrued interest was to be paid in full in one single payment for each note on dates ranging from March 2016 to July 2016. As the project has not had sufficient cash flow to pay back the notes, Boston Capital is allowing them to defer payment on the notes until it has available cash flow to do so.

NOTE H -- Lines of credit

WHPC has established two lines of credit with Associated Bank, N.A. with an original available total of \$30,000,000. The first \$15,000,000 facility is secured while the second \$15,000,000 facility is unsecured, as defined in the agreement. Interest is at LIBOR plus 0.75% (0.90% at December 31, 2020) for the first \$15,000,000 line of credit and LIBOR plus 1.5% (1.65% at December 31, 2020) for the second \$15,000,000 line of credit. The maturity date was December 7, 2018; however, the maturity date has been amended each year with a one-year extension. The new maturity date is December 31, 2022.

	<u>2020</u>	<u>2019</u>
Short-term	\$ 0	\$ 0
Long-term	<u>19,000,000</u>	<u>19,525,570</u>
	<u>\$ 19,000,000</u>	<u>\$ 19,525,570</u>

WISCONSIN HOUSING PRESERVATION CORP. & SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020

NOTE I-- Commitments and contingencies

Use Agreements

The organization has entered into Use Agreements with HUD which provide, among other things, for the continuation of housing assistance payments (HAP) and affordability requirements for the affected properties.

Land Use Restriction Agreements

The organization has entered into several Preservation Agreements and Land Use Restriction Agreements with WHEDA as a condition to receiving funds in the form of mortgages payable to WHEDA. Under these agreements, the affected projects must rent all of the units to individuals who meet the income limitations set forth in the agreements. The projects are obligated to certify tenant eligibility.

HAP

Many of the projects are obligated to recertify tenant eligibility and the amount of the HAP on an annual basis. They must reimburse WHEDA or HUD for HAP received on behalf of tenants who exceed certain income or asset limitations defined in the HAP contracts. Rent increases are to be approved by WHEDA or HUD. HAP totaled \$37,450,216 and \$35,788,055 for the years ended December 31, 2020 and 2019, respectively. Rental revenue under the HAP contracts represents approximately 51% and 50% of net rental income for the years ended December 31, 2020 and 2019, respectively.

RAP

Many of the projects are obligated to recertify tenant eligibility and the amount of the RAP on an annual basis. They must reimburse RD for RAP received on behalf of tenants who exceed certain income or asset limitations defined in each project's applicable Rental Assistance Agreements. RAP totaled \$1,363,325 and \$1,312,424 for the years ended December 31, 2020 and 2019, respectively.

Property management agreements

The organization has entered into management agreements with various third parties for the management of the projects. In accordance with the management agreements, the organization is obligated to pay management fees ranging from approximately 4% to 9% of adjusted gross residential and commercial rents and miscellaneous income collected. The majority of the agreements is renewed annually and can be terminated by either party with a 30-day notice. Management fees incurred under these agreements were \$4,692,325 and \$4,517,255 for the years ended December 31, 2020 and 2019, respectively.

WISCONSIN HOUSING PRESERVATION CORP. & SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020

NOTE I -- Commitments and contingencies (Continued)

Asset management agreement

WHPC entered into an agreement with Astar Capital Management, Inc. (Astar) to manage the organization's activities. The agreement was restated effective January 1, 2008. The fees are 7.5% of the sum of (1) net rental income, grant revenue and miscellaneous income from operations and (2) interest and dividend income, excluding interest and dividend income earned on reserves held by WHEDA and on investments held in the investment fund. Asset management fees totaled \$4,225,906 and \$5,545,847 for the years ended December 31, 2020 and 2019, respectively. Included in accounts payable are accrued asset management fees totaling \$0 and \$472,281 as of December 31, 2020 and 2019, respectively. The current Real Estate Acquisition and Management Services Agreement expired on September 30, 2020 and was not renewed. Effective October 1, 2020, all of the services that were outsourced are now being managed internally by WHPC.

Under the amended agreement, the organization was also obligated to pay the following additional fees:

- Financing / refinancing services fee equal to 2% of gross loan proceeds with a minimum fee of \$50,000 for projects receiving bond financing, 1% of gross loan proceeds with a minimum of \$20,000 for refinancing a project with conventional financing, or a fee to be negotiated on a case-by-case basis in the event of the assumption of existing indebtedness or new financing in conjunction with an acquisition. No fee will be paid when the organization uses their line of credit for a project acquisition.
- Acquisition fee equal to 4% of the project purchase price with a minimum fee of \$40,000. Acquisition fees incurred and capitalized into the building acquisition basis totaled \$0 and \$120,000 for the years ended December 31, 2020 and 2019, respectively.
- Tax exemption negotiating fee equal to \$5,000 for each successful property tax exemption negotiated. No fees will be paid for the successful negotiation of the renewal of a previously granted tax exemption or the renewal of a payment in lieu of taxes (PILOT) agreement.
- Tax credit development and related fees equal to a minimum of 50% of any fee payable to the organization in association with the development of any projects acquired or rehabilitated using tax credits. Development and related fees earned by Astar totaled \$1,185,581 and \$1,278,056 for the years ended December 31, 2020 and 2019, respectively. Included in development and other company fees payable were amounts due to Astar totaling \$1,918,478 and \$1,715,857 as of December 31, 2020 and 2019, respectively.
- Project disposition fee equal to approximately 1-3% of the sale price to be negotiated on a case-by-case basis.

WISCONSIN HOUSING PRESERVATION CORP. & SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020

NOTE I -- Commitments and contingencies (Continued)

Total fees charged by Astar

	<u>2020</u>	<u>2019</u>
Asset management fees	\$ 4,225,906	\$ 5,545,847
Financing/refinancing fees	232,500	336,640
Acquisition fees	0	120,000
Tax exemption negotiating fees	20,000	10,000
Development fees	1,008,169	1,133,086
Tax credit project company fees	<u>177,412</u>	<u>144,970</u>
	<u>\$ 5,663,987</u>	<u>\$ 7,290,543</u>

Grants

The organization received grants from the Federal Home Loan Bank, Affordable Housing Program and various other community development organizations to fund renovations of certain projects. The grants require that the projects receiving the grants maintain certain affordability requirements for a period of 15 years. Failure to maintain these affordability requirements could result in the repayment of all or a portion of the grant by the applicable project.

The organization has entered into Service Coordinator Grant Agreements with HUD to provide social service coordinators for several of the projects. The contracts generally run for a three-year period.

The organization entered into Tax Credit Exchange Program Subaward Agreements (Subaward Agreement) with WHEDA for several of the projects. Under the Subaward Agreements, the organization received grant funds totaling \$7,105,016 pursuant to Section 1602 of the American Recovery and Reinvestment Act of 2009. If the organization fails to comply with the guidelines of the Subaward Agreements, it may be required to refund up to the full amount of the grant funds received plus reimburse WHEDA for the costs and fees incurred in connection with the recapture event. As a condition to making the Subaward Agreements, WHEDA required the organization to enter into a corporate guarantee. The Subaward Agreement terminates at the expiration of the low-income housing tax credit compliance period.

The organization received grant proceeds from Affordable Housing Program (AHP) and A Home of Our Own (HOO) during the current year. These proceeds have been or will be loaned to the individual projects to assist with construction and development. These programs have affordability and other requirements that must be followed. Failure to maintain these requirements could result in the repayment of all or a portion of the grants by the applicable project.

Grant revenue consists of the following:

	<u>2020</u>	<u>2019</u>
HUD Social Service Coordinator	\$ 1,253,552	\$ 1,272,588
AHP Funds	1,470,000	0
HOO Funds	<u>300,000</u>	<u>0</u>
	<u>\$ 3,023,552</u>	<u>\$ 1,272,558</u>

WISCONSIN HOUSING PRESERVATION CORP. & SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020

NOTE I -- Commitments and contingencies (Continued)

Capital Magnet Fund Assistance Agreement

The organization has entered into a Capital Magnet Fund Assistance Agreement with the Community Development Financial Institutions Fund (CDFI Fund). This agreement agrees to provide funding for the Development, Preservation, Rehabilitation or Purchase of Affordable Housing for primarily Extremely Low-Income, Very Low-Income and Low-Income families; and Economic Development Activities that are part of a Concerted Strategy as defined in the Assistance Agreement. If the organization fails to comply with guidelines of the Assistance Agreement, it may be required to refund up to the full amount of the grant funds received, among other sanctions. The Assistance Agreement shall be closed out pursuant to the Uniform Administrative Requirements, at the end of the Period of Performance, and when certain conditions are met as outlined by the agreement.

Capital Advance Agreement

In connection with the organization's Oakfield Housing project, the organization has entered into a Capital Advance Agreement (the capital advance) with HUD in an amount not to exceed \$639,900. Total capital advances received in prior years amounted to \$631,000. The capital advance is non-interest bearing and is not required to be repaid if the project remains available to very-low income elderly persons for a period of not less than 40 years. Failure to maintain the project for eligible tenants would result in repayment of the outstanding balance plus interest at 6.75% from the date of the first advance. Since the organization's exempt purpose is to provide housing to low-income elderly persons, the capital advance was recognized as grant revenue in the year received. The agreement is secured by a mortgage dated January 15, 1998, on the real property of the project. The mortgage is subject to Regulatory and Use Agreements with HUD which contain restrictions on transferring any of the project's property, assigning the rights to manage or receive the rents and profits of the property, assuming additional indebtedness, and requires monthly deposits to certain reserves and escrows described in Note B.

In connection with the capital advance, the organization has entered into a Use Agreement with HUD in exchange for HUD's agreement to provide capital advance financing and project rental assistance payments. Under the terms of the Use Agreement, the organization has agreed to operate the project only as rental housing for the very-low-income elderly persons or disabled persons for not less than 40 years commencing on August 31, 1998.

PILOT Agreements

Several of the projects have entered into PILOT agreements for as long as they maintain their tax-exempt status and purpose.

Preservation fees

The organization is required to pay annual preservation fees to WHEDA. Preservation fee expense totaled \$36,943 and \$35,845 for the years ended December 31, 2020 and 2019, respectively.

Operating deficit loans

The operating agreements for various projects require WHPC or an affiliate of WHPC to fund operating deficits. The total obligation amounted to \$11,892,182 and \$11,223,473 as of December 31, 2020 and 2019, respectively. There were no operating deficit loans as of December 31, 2020 and 2019.

WISCONSIN HOUSING PRESERVATION CORP. & SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020

NOTE I -- Commitments and contingencies (Continued)

Future capital improvements

During 2020, it was discovered that there were certain defects in the original roofing of the Tennyson Ridge, LLC project. Repairs were started towards the end of the year and will continue into 2021. A construction contract in the amount of \$1,114,000 was entered into of which \$60,000 had been incurred as of December 31, 2020. At this time, it is not known if the project will be successful in its claim against the general contractor to recover the cost of repairs, legal expenses, and consulting fees.

On November 18, 2020 the organization acquired the land and construction in progress for the Kestrel project from a previous owner. A construction contract in the amount of \$6,023,905 was entered into of which \$1,618,922 had been incurred as of December 31, 2020.

Uncertainty

In March 2020, the World Health Organization (WHO) characterized the coronavirus disease (COVID-19) as a global pandemic. Since that time, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. WHPC has performed stress testing to measure the impact of reduced rents to WHPC's cash position, the results of which show that even in worse case scenarios, WHPC has adequate reserves to support at risk projects.

NOTE J -- Cash flow restriction

Pursuant to some of the Regulatory Agreements associated with the mortgage notes with WHEDA described in Note F, surplus cash from WHEDA-financed projects is available to be distributed to WHPC as surplus cash notes. These notes are non-interest bearing and have no maturity dates (see Note K).

Pursuant to some of the Regulatory Agreements entered into with HUD, for HUD-financed or insured projects, any surplus cash from project operations is to be deposited annually into a residual receipts fund (see Note B).

Pursuant to some of the loan agreements with RD described in Note F, allowable annual cash flows available for distribution are limited to specific amounts at the individual project level as indicated in the loan agreements.

WISCONSIN HOUSING PRESERVATION CORP. & SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020

NOTE K -- Related party transactions

Surplus cash notes

Surplus cash generated by many of the WHEDA-financed projects is available to be loaned to WHPC and accounted for as surplus cash notes. Surplus cash notes payable to the projects totaled \$11,824,532 and \$10,935,398 as of December 31, 2020 and 2019, respectively. These notes are eliminated in the consolidation.

NOTE L -- Operating leases

On September 10, 2010, the organization acquired the WHPC-Capitol Centre, LLC project from Capitol Centre Partners LLC. As part of the acquisition, the project was assigned an existing parking lease that provides for 50 parking spots to be used exclusively by the project's tenants. The lease required an initial fee of \$150 per parking stall per month. For subsequent lease years, the monthly fee equals the prior year fee increased by the applicable percentage defined as the operating cost adjustment factor (OCAF) inflation index as issued by HUD for Dane County, Wisconsin for a particular year. The measurement of lease payments that include variable lease payments (those that depend on an index or rate) are initially measured using the index or rate at the lease commencement date. The OCAF known at the commencement of the lease that went into effect in 2011 was 1.7%. Increases in required lease payments as a result of increases in the OCAF since 2011 are not included within lease payments for purposes of determining the operating lease liability and ROU asset. Such increases are reflected in the statements of activities as variable lease payment expense. The actual monthly lease payment was \$10,297 and \$10,065 for the years ended December 31, 2020 and 2019, respectively. Total operating lease expense was \$114,120 for each of the years ended December 31, 2020 and 2019. The variable lease expense was \$17,040 and \$16,032 for the years ended December 31, 2020 and 2019, respectively. For purposes of calculating the present value of the future minimum lease payments and determining the lease liability, a discount rate of 3.13% was utilized. This rate is equal to the expected rate of interest that the lessee would have to pay to borrow on a collateralized basis over a similar lease term at the transition date of the lease, January 1, 2019. The operating lease liability and ROU asset recognized at the transition date is \$1,055,293. The lease expires on December 10, 2029.

The organization entered into an office lease agreement with West Washington Associates LLC to lease office space for the organization which commenced on February 1, 2020. The agreement requires fixed lease payments as outlined in the agreement. The actual monthly lease payment was \$12,907 and \$0 for the years ended December 31, 2020 and 2019, respectively. Total operating lease expense was \$129,829 and \$0 for the years ended December 31, 2020 and 2019, respectively. For purposes of calculating the present value of the future minimum lease payments and determining the lease liability, a discount rate of 6% was utilized. This rate is equal to the expected rate of interest that the lessee would have to pay to borrow on a collateralized basis over a similar lease term at the commencement of the lease. The lease expires on January 31, 2027 and provides for two additional five-year options. Management has concluded that it is reasonably certain to exercise the first five-year option after considering all relevant economic factors including the location of the space and required lease payments which will continue to be fixed. As a result, the first option was included in the lease term when determining the lease liability and right of use asset. The second option, if exercised, will require the lease payments to be at the prevailing market rent for similar space in downtown Madison.

WISCONSIN HOUSING PRESERVATION CORP. & SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 December 31, 2020

NOTE L-- Operating leases (Continued)

Future minimum lease payments to be paid under these leases as of December 31, 2020, are as follows:

Year ending December 31,

2021	\$ 265,539
2022	270,531
2023	275,610
2024	280,777
2025	286,058
Thereafter	<u>1,626,638</u>
Total minimum lease payments	3,005,153
Less amount of lease payments representing interest	<u>(693,451)</u>
Present value of future minimum lease payments (operating lease liability)	<u>\$ 2,311,702</u>

Supplemental statement of financial position information related to the operating lease is as follows:

	<u>2020</u>	<u>2019</u>
Weighted average remaining lease term	10.83	10
Weighted average discount rate	5.01%	3.13%

Supplemental statement of cash flows information related to the operating lease is as follows:

	<u>2020</u>	<u>2019</u>
Operating cash flows from operating lease	\$ 239,724	\$ 120,780
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 1,450,369	\$ 0

WISCONSIN HOUSING PRESERVATION CORP. & SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020

NOTE M -- Fair value disclosures

The fair value measurement for the categories of asset and liabilities that are measured at fair value on a recurring basis are as follows:

		Fair value measurement using		
		Quoted prices in active markets for identical inputs (level 1)	Significant other observable inputs (level 2)	Significant unobservable inputs (level 3)
<u>12/31/2020</u>				
<u>Assets</u>				
Corporate notes and bonds ³	\$ 3,068,085	\$ 0	\$ 3,068,085	\$ 0
Federal agency obligations ¹	\$ 7,614,078	\$ 7,614,078	\$ 0	\$ 0
US Government instruments ¹	\$ 2,550,510	\$ 2,550,510	\$ 0	\$ 0
<u>Liabilities</u>				
Interest rate swap ²	\$ 3,928,164	\$ 0	\$ 3,928,164	\$ 0

		Fair value measurement using		
		Quoted prices in active markets for identical inputs (level 1)	Significant other observable inputs (level 2)	Significant unobservable inputs (level 3)
<u>12/31/2019</u>				
<u>Assets</u>				
Corporate notes and bonds ³	\$ 3,203,060	\$ 0	\$ 3,203,060	\$ 0
Federal agency obligations ¹	\$ 6,036,600	\$ 6,036,600	\$ 0	\$ 0
US Government instruments ¹	\$ 3,034,495	\$ 3,034,495	\$ 0	\$ 0
<u>Liabilities</u>				
Interest rate swap ²	\$ 2,269,032	\$ 0	\$ 2,269,032	\$ 0

1. The carrying amount reported for federal agency obligations, mutual funds, and US government instruments approximates fair value because the values are derived from quoted prices in active markets for identical assets.
2. The carrying amount reported for the interest rate swap approximates fair value based on the reporting values published by the SWAP providers. The SWAP providers determined this value based on observable interest rates and yield curves as of the measurement date.
3. Fair values for corporate notes and bonds are determined by reference to quoted market prices for similar investments, yield curves, and other relevant information.

WISCONSIN HOUSING PRESERVATION CORP. & SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 December 31, 2020

NOTE N -- Availability of financial assets and liquidity

The organization has the following financial assets available to meet cash needs for general expenditures within one year of the statement of financial position date:

	2020	2019
Cash	\$ 34,446,732	\$ 34,877,558
Accounts receivable	1,247,191	1,094,101
Short-term investments	13,232,673	12,274,155
Unrestricted reserves	7,274,948	5,892,808
	\$ 56,201,544	\$ 54,138,622

None of the financial assets are subject to donor or other contractual restrictions and are available for general expenditures within one year of the statement of financial position date. Various restricted reserves in the amount of \$34,617,918 and \$31,813,998 for the years ended December 31, 2020 and 2019, respectively, can also be accessed, upon approval of the respective regulatory agency, investor, trustee, or lender, if applicable. Additionally, the amount available on the WHPC Line of Credit of \$11,000,000 and \$13,974,430 for the years ended December 31, 2020 and 2019, respectively, can also be accessed, if necessary.

WISCONSIN HOUSING PRESERVATION CORP. & SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020

NOTE O -- Functional expense allocation

The statement of activities discloses the nature of some of the organization's program expenses. The tables below present the nature of the organization's remaining program expense categories:

	<u>2020</u>	<u>2019</u>
Rental administrative expenses:		
Conventions and meetings	\$ 97,180	\$ 114,910
Advertising and marketing	163,108	193,307
Other rent expenses	46,855	97,417
Payroll reimbursements	5,192,251	5,013,588
Office expenses	554,856	1,177,273
Professional fees	824,137	861,956
Bookkeeping fees	832,564	776,391
Bad debts	331,068	329,715
Miscellaneous	<u>2,622,577</u>	<u>2,062,147</u>
Total rental administrative expenses	<u>\$ 10,664,596</u>	<u>\$ 10,626,704</u>
	<u>2020</u>	<u>2019</u>
Operating and maintenance expenses:		
Payroll reimbursements	\$ 5,207,269	\$ 5,129,554
Supplies	417,882	552,622
Repair and maintenance	<u>8,680,182</u>	<u>9,747,936</u>
Total operating and maintenance expenses	<u>\$ 14,305,333</u>	<u>\$ 15,430,112</u>
	<u>2020</u>	<u>2019</u>
Taxes and insurance expenses:		
Taxes	\$ 2,885,985	\$ 3,093,150
Insurance	<u>3,060,005</u>	<u>2,859,407</u>
Total taxes and insurance expenses	<u>\$ 5,945,990</u>	<u>\$ 5,952,557</u>

WISCONSIN HOUSING PRESERVATION CORP. & SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020

NOTE O -- Functional expense allocation (Continued)

The table below presents the nature of the organization's management and general expenses:

	<u>2020</u>	<u>2019</u>
Fees	\$ 7,132	\$ 6,570
Board expenses	92,016	126,964
Professional fees	1,751,221	314,643
Lobbying	0	48,000
Office expenses	405,590	59,847
Wages, taxes and benefits	2,396,691	537,914
Travel	13,410	13,589
Meals and entertainment	16,038	6,418
Acquisition costs	0	25,584
Advertising and marketing	82,463	32,912
Donations and sponsorships	445	8,961
Memberships and dues	27,612	20,565
Training and conferences	51,191	25,204
Taxes	0	6,008
Miscellaneous	<u>12,559</u>	<u>8,283</u>
Total management and general expenses	<u>\$ 4,856,368</u>	<u>\$ 1,241,462</u>

For the year ended December 31, 2020, certain expenses such as wages, taxes and benefits increased as a result of WHPC taking over the internal management of the properties. WHPC incurred costs throughout 2020 as they built their management team. For the first nine months of 2020, the asset management agreement with Astar was still in place (see Note I for amounts paid to Astar and see the asset management fee line item in the Statements of Activities). The asset management fees related to the asset management agreement and certain other fees will no longer be required going forward.

In addition, fees totaling \$1,320,000 were paid to a third-party entity for services related to the transition of management. These fees are included with professional fees in the above schedule. This contract ended in 2020.

NOTE P -- Subsequent events

Project refinancing

Three of the projects owned by WHPC refinanced existing mortgage notes payable. Total proceeds received amounted to \$7,131,038.

Capital Magnet Fund award

In early 2021, WHPC received an award of additional Capital Magnet Funds totaling \$4,750,000.

SUPPLEMENTARY INFORMATION

WISCONSIN HOUSING PRESERVATION CORP. & SUBSIDIARIES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended December 31, 2020

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA number	Pass-Through Grantor's Number	Federal expenditures
U.S. Department of Agriculture:			
Rural Rental Housing Loans - Loan (Note 3)	10.415		\$ 10,053,910
Interest Reduction Payments	10.415		525,950
Passed through Impact Preservation Corporation			
Section 515 Multi-Family Housing Preservation Revolving Loan Fund Demonstration Program - Loan (Note 3)	10.415	Unavailable	1,873,114
Rural Rental Assistance Payments	10.427		1,363,325
The Rural Development (RD) Multi-Family Housing Revitalization Demonstration Program (MPR) - Loan (Note 3)	10.447		<u>882,207</u>
Total U.S. Department of Agriculture			14,698,506
U.S. Department of Housing and Urban Development:			
Mortgage Insurance for the Purchase or Refinancing of Existing Multifamily Housing Projects - Loan (Note 3)			
	14.155		13,373,246
Supportive Housing for the Elderly - Loan (Note 3)	14.157		666,216
Multifamily Housing Service Coordinators	14.191		1,253,552
Section 8 Project-Based Cluster:			
Section 8 Housing Assistance Payments Program	14.195		37,450,216
HOME Investment Partnerships Program - Loan (Note 3)	14.239		2,636,348
ARRA - Assisted Housing Stability and Energy and Green Retrofit Investments Program - Loan (Note 3)	14.318		<u>1,569,210</u>
Total U.S. Department of Housing and Urban Development			<u>56,948,788</u>
U.S. Department of the Treasury:			
Capital Magnet Fund	21.011		<u>544,570</u>
Total expenditures of federal awards			<u><u>\$ 72,191,864</u></u>

Note 1 - Basis of presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Wisconsin Housing Preservation Corp. & Subsidiaries under programs of the federal government for the year ended December 31, 2020 and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Wisconsin Housing Preservation Corp. & Subsidiaries, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Wisconsin Housing Preservation Corp. & Subsidiaries.

WISCONSIN HOUSING PRESERVATION CORP. & SUBSIDIARIES
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
 Year ended December 31, 2020

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Loans

Loans outstanding at the beginning of the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at December 31, 2020 consists of:

CFDA number	Program name	Outstanding balance at December 31, 2020
10.415	Rural Rental Housing Loans	\$ 9,909,248
10.415	Section 515 Multi-Family Housing Preservation Revolving Loan Fund Demonstration Program	\$ 1,809,052
10.447	The Rural Development (RD) Multi-Family Housing Revitalization Demonstration Program (MPR)	\$ 877,032
14.155	Mortgage Insurance for the Purchase or Refinancing of Existing Multifamily Housing Projects	\$ 13,117,966
14.157	Supportive Housing for the Elderly	\$ 666,216
14.239	HOME Investment Partnerships Program	\$ 2,626,168
14.318	ARRA - Assisted Housing Stability and Energy and Green Retrofit Investments Program	\$ 1,375,345

WISCONSIN HOUSING PRESERVATION CORP. & SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2020

	Real Estate Portfolio Fund	Investment Fund	Unrestricted Investment Fund	Eliminating Journal Entries	Totals
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 7,533,636	\$ 4,979,856	\$ 22,317,229	\$ 0	\$ 34,830,721
Short-term investments	0	0	13,232,673	0	13,232,673
Accounts receivable - WHEDA/HUD	69,996	87,355	0	0	157,351
Accounts receivable - tenants	278,026	277,548	0	0	555,574
Accounts receivable - other	12,080,387	173,270	2,377,834	(14,177,027)	454,464
Accrued interest receivable	0	0	79,802	0	79,802
Tenants' security deposits	1,779,516	971,659	0	0	2,751,175
Funded reserves	26,197,636	18,216,785	1,000,000	0	45,414,421
Prepaid expenses	1,200,098	670,044	57,957	0	1,928,099
Operating lease right-of-use assets	86,930	0	90,762	0	177,692
Total current assets	49,226,225	25,376,517	39,156,257	(14,177,027)	99,581,972
OTHER FUNDED RESERVES	0	79,346	0	0	79,346
RENTAL PROPERTY, net	212,368,819	245,018,213	581,928	(47,072,537)	410,896,423
OTHER ASSETS					
Tax credit fees, net	0	952,092	0	0	952,092
Implementation costs, net	0	0	234,280	0	234,280
Investments in limited partnerships and LLCs	0	0	(17,197,157)	17,197,157	0
Long term investment	0	0	45,782	0	45,782
Notes receivable, related party	0	0	121,952,726	(121,952,726)	0
Construction / acquisitions in progress	221,373	261,699	1,152,550	0	1,635,622
Operating lease right-of-use assets	801,773	0	1,301,600	0	2,103,373
Total other assets	1,023,146	1,213,791	107,489,781	(104,755,569)	4,971,149
TOTAL ASSETS	\$ 262,618,190	\$ 271,687,867	\$ 147,227,966	\$ (166,005,133)	\$ 515,528,890
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Current maturities of long-term debt	\$ 7,804,083	\$ 10,805,072	\$ 797,307	\$ 0	\$ 19,406,462
Development and other company fees payable	4,000	2,155,899	0	0	2,159,899
Accounts payable	1,245,336	2,423,390	77,248	(2,348,776)	1,397,198
Construction payable	10,916	1,638,278	0	0	1,649,194
Accrued interest	4,692,257	6,013,907	63,983	(8,942,583)	1,827,564
Accrued property taxes and PILOT	203,930	242,414	0	0	446,344
Prepaid rents	237,459	215,879	0	0	453,338
Tenants' security deposits payable	1,722,899	917,649	0	0	2,640,548
Other accrued expenses	657,100	414,177	166,524	0	1,237,801
Operating lease liabilities	81,146	0	74,860	0	156,006
Total current liabilities	16,659,126	24,826,665	1,179,922	(11,291,359)	31,374,354
LONG-TERM LIABILITIES					
Contract liabilities	327,135	1,673,919	0	(1,631,015)	370,039
Long-term debt, net, less current maturities	212,780,088	157,592,376	34,114,546	(124,725,465)	279,761,545
Interest rate swaps	1,098,024	2,352,811	477,329	0	3,928,164
Notes payable	67,013	0	0	0	67,013
Lines of credit, long-term	0	0	19,000,000	0	19,000,000
Operating lease liabilities	824,525	0	1,331,171	0	2,155,696
Total long-term liabilities	215,096,785	161,619,106	54,923,046	(126,356,480)	305,282,457
TOTAL LIABILITIES	231,755,911	186,445,771	56,102,968	(137,647,839)	336,656,811
NET ASSETS					
Net assets without donor restrictions					
Noncontrolling interest in LLCs	0	85,242,096	0	0	85,242,096
Other	30,862,279	0	91,124,998	(28,357,294)	93,629,983
Total net assets without donor restrictions	30,862,279	85,242,096	91,124,998	(28,357,294)	178,872,079
Net assets with donor restrictions,					
Grant revenue	0	0	0	0	0
Total net assets	30,862,279	85,242,096	91,124,998	(28,357,294)	178,872,079
TOTAL LIABILITIES AND NET ASSETS	\$ 262,618,190	\$ 271,687,867	\$ 147,227,966	\$ (166,005,133)	\$ 515,528,890

WISCONSIN HOUSING PRESERVATION CORP. & SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2019

	Real Estate Portfolio Fund	Investment Fund	Unrestricted Investment Fund	Eliminating Journal Entries	Totals
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 7,396,531	\$ 3,640,684	\$ 24,978,451	\$ 0	\$ 36,015,666
Short-term investments	0	0	12,274,155	0	12,274,155
Accounts receivable - WHEDA/HUD	142,018	214,070	0	0	356,088
Accounts receivable - tenants	291,942	155,601	0	0	447,543
Accounts receivable - other	11,048,184	81,171	2,055,038	(12,984,436)	199,957
Accrued interest receivable	0	0	90,513	0	90,513
Tenants' security deposits	1,792,859	928,765	0	0	2,721,624
Funded reserves	22,574,023	17,163,641	1,000,000	0	40,737,664
Prepaid expenses	805,204	513,076	71,968	0	1,390,248
Operating lease right-of-use assets	84,463	0	0	0	84,463
Total current assets	44,135,224	22,697,008	40,470,125	(12,984,436)	94,317,921
OTHER FUNDED RESERVES	0	104,268	0	0	104,268
RENTAL PROPERTY, net	216,838,527	231,838,479	375,230	(44,617,310)	404,434,926
OTHER ASSETS					
Tax credit fees, net	322	927,038	0	0	927,360
Investments in limited partnerships and LLCs	0	0	(22,154,372)	22,154,372	0
Long term investment	0	0	42,093	0	42,093
Notes receivable, related party	0	0	120,564,800	(120,564,800)	0
Construction / acquisitions in progress	3,128	1,380,781	59,715	(171,305)	1,272,319
Operating lease right-of-use assets	888,703	0	0	0	888,703
Total other assets	892,153	2,307,819	98,512,236	(98,581,733)	3,130,475
TOTAL ASSETS	<u>\$ 261,865,904</u>	<u>\$ 256,947,574</u>	<u>\$ 139,357,591</u>	<u>\$ (156,183,479)</u>	<u>\$ 501,987,590</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Current maturities of long-term debt	\$ 5,541,318	\$ 1,838,384	\$ 760,513	\$ 0	\$ 8,140,215
Development and other company fees payable	43,517	1,900,679	0	0	1,944,196
Accounts payable	1,288,717	2,262,713	619,599	(2,049,039)	2,121,990
Construction payable	137,046	679,619	0	0	816,665
Accrued interest	4,197,657	5,256,684	51,891	(7,769,249)	1,736,983
Accrued property taxes and PILOT	171,095	340,950	0	0	512,045
Prepaid rents	171,722	129,696	0	0	301,418
Tenants' security deposits payable	1,727,659	893,103	0	0	2,620,762
Other accrued expenses	548,591	284,106	225	0	832,922
Operating lease liabilities	76,867	0	0	0	76,867
Total current liabilities	13,904,189	13,585,934	1,432,228	(9,818,288)	19,104,063
LONG-TERM LIABILITIES					
Contract liabilities	171,414	1,760,178	0	(1,685,994)	245,598
Long-term debt, net, less current maturities	215,497,462	160,366,194	35,427,090	(123,615,838)	287,674,908
Interest rate swaps	535,477	1,145,937	587,618	0	2,269,032
Notes payable	67,013	0	0	0	67,013
Lines of credit, long-term	0	0	19,525,570	0	19,525,570
Operating lease liabilities	905,671	0	0	0	905,671
Total long-term liabilities	217,177,037	163,272,309	55,540,278	(125,301,832)	310,687,792
TOTAL LIABILITIES	231,081,226	176,858,243	56,972,506	(135,120,120)	329,791,855
NET ASSETS					
Net assets without donor restrictions					
Noncontrolling interest in LLCs	0	80,089,331	0	0	80,089,331
Other	30,784,678	0	81,706,515	(21,063,359)	91,427,834
Total net assets without donor restrictions	30,784,678	80,089,331	81,706,515	(21,063,359)	171,517,165
Net assets with donor restrictions,					
Grant revenue	0	0	678,570	0	678,570
Total net assets	30,784,678	80,089,331	82,385,085	(21,063,359)	172,195,735
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 261,865,904</u>	<u>\$ 256,947,574</u>	<u>\$ 139,357,591</u>	<u>\$ (156,183,479)</u>	<u>\$ 501,987,590</u>

WISCONSIN HOUSING PRESERVATION CORP. & SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES
Year ended December 31, 2020

	Real Estate Portfolio Fund	Investment Fund	Unrestricted Investment Fund	Eliminating Journal Entries	Totals
NET ASSETS WITHOUT DONOR RESTRICTIONS					
Revenues, gains, and other support:					
Investment income (loss):					
Investment return, net	\$ 91,203	\$ 69,645	\$ 5,644,813	\$ (5,354,898)	\$ 450,763
Change in value of interest rate swaps	(562,547)	(1,206,874)	110,289	0	(1,659,132)
Total investment income (loss)	(471,344)	(1,137,229)	5,755,102	(5,354,898)	(1,208,369)
Income (loss) from rental activities:					
Rental income, net of vacancies	43,873,969	29,176,804	0	0	73,050,773
Grant revenue	593,319	715,212	1,770,000	(54,979)	3,023,552
Other revenue	673,170	506,463	1,184,926	(1,179,926)	1,184,633
Gain (loss) on sale and involuntary conversion	2,498,188	(133,452)	0	(2,642,087)	(277,351)
Total income from rental activities	47,638,646	30,265,027	2,954,926	(3,876,992)	76,981,607
Total revenues, gains, and other support	47,167,302	29,127,798	8,710,028	(9,231,890)	75,773,238
Expenses and losses:					
Program expenses:					
Expenses related to rental activities:					
Property management fees	2,740,005	1,952,320	0	0	4,692,325
Asset management fees	0	533,894	4,225,906	(171,757)	4,588,043
Rental administrative expenses	6,073,423	4,587,461	0	3,712	10,664,596
Utilities	3,983,222	2,439,748	0	0	6,422,970
Operating and maintenance	8,849,612	5,455,721	0	0	14,305,333
Operating lease expense	114,120	0	129,829	0	243,949
Variable lease payment expense	17,040	0	0	0	17,040
Taxes and insurance	2,237,943	3,635,609	72,438	0	5,945,990
Financial expenses	10,449,826	7,364,565	1,262,788	(5,360,799)	13,716,380
Preservation fees	36,943	0	0	0	36,943
Depreciation	6,976,091	8,089,136	35,487	(1,366,328)	13,734,386
Amortization	0	107,111	0	0	107,111
Total expenses related to rental activities	41,478,225	34,165,565	5,726,448	(6,895,172)	74,475,066
Total program expenses	41,478,225	34,165,565	5,726,448	(6,895,172)	74,475,066
Management and general	0	0	4,856,368	0	4,856,368
Total expenses	41,478,225	34,165,565	10,582,816	(6,895,172)	79,331,434
Net assets released from restrictions	0	0	678,570	0	678,570
Noncontrolling interest in LLCs	0	(5,047,367)	0	0	(5,047,367)
Net assets, without donor restrictions	5,689,077	9,600	(1,194,218)	(2,336,718)	2,167,741
Change in net assets without donor restrictions	5,689,077	(5,037,767)	(1,194,218)	(2,336,718)	(2,879,626)
NET ASSETS WITH DONOR RESTRICTIONS					
Net assets released from restrictions	0	0	(678,570)	0	(678,570)
Change in net asset with donor restrictions	0	0	(678,570)	0	(678,570)
Change in net assets	5,689,077	(5,037,767)	(1,872,788)	(2,336,718)	(3,558,196)
Net assets, beginning	30,784,678	80,089,331	82,385,085	(21,063,359)	172,195,735
Capital contributions, noncontrolling interest	0	10,504,793	0	0	10,504,793
Distributions, noncontrolling interest	0	(238,933)	0	0	(238,933)
Syndication costs, noncontrolling interest	0	(31,320)	0	0	(31,320)
Transfer of ownership	0	0	0	0	0
Transfers between funds	(5,611,476)	(44,008)	10,612,701	(4,957,217)	0
Net assets, ending	<u>\$ 30,862,279</u>	<u>\$ 85,242,096</u>	<u>\$ 91,124,998</u>	<u>\$ (28,357,294)</u>	<u>\$ 178,872,079</u>

WISCONSIN HOUSING PRESERVATION CORP. & SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES
Year ended December 31, 2019

	Real Estate Portfolio Fund	Investment Fund	Unrestricted Investment Fund	Eliminating Journal Entries	Totals
NET ASSETS WITHOUT DONOR RESTRICTIONS					
Revenues, gains, and other support:					
Investment income (loss):					
Investment return, net	\$ 316,432	\$ 247,850	\$ 6,005,585	\$ (5,418,033)	\$ 1,151,834
Change in value of interest rate swaps	(313,092)	(1,120,253)	55,911	0	(1,377,434)
Total investment income (loss)	3,340	(872,403)	6,061,496	(5,418,033)	(225,600)
Income (loss) from rental activities:					
Rental income, net of vacancies	43,813,070	27,273,554	0	0	71,086,624
Grant revenue	592,062	735,475	0	(54,979)	1,272,558
Other revenue	696,645	502,328	1,289,844	(1,288,056)	1,200,761
Gain (loss) on sale and involuntary conversion	11,032,710	48,903	0	(10,676,749)	404,864
Total income from rental activities	56,134,487	28,560,260	1,289,844	(12,019,784)	73,964,807
Total revenues, gains, and other support	56,137,827	27,687,857	7,351,340	(17,437,817)	73,739,207
Expenses and losses:					
Program expenses:					
Expenses related to rental activities:					
Property management fees	2,707,143	1,810,112	0	0	4,517,255
Asset management fees	0	523,149	5,545,847	(154,970)	5,914,026
Rental administrative expenses	6,213,537	4,413,168	0	(1)	10,626,704
Utilities	4,278,473	2,334,556	0	0	6,613,029
Operating and maintenance	9,760,114	5,669,998	0	0	15,430,112
Operating lease expense	114,120	0	0	0	114,120
Variable lease payment expense	16,032	0	0	0	16,032
Taxes and insurance	2,398,144	3,484,290	70,123	0	5,952,557
Financial expenses	10,813,236	7,285,869	1,757,018	(5,424,029)	14,432,094
Preservation fees	35,845	0	0	0	35,845
Depreciation	6,900,578	7,627,758	3,627	(1,158,575)	13,373,388
Amortization	0	94,142	0	0	94,142
Total expenses related to rental activities	43,237,222	33,243,042	7,376,615	(6,737,575)	77,119,304
Total program expenses	43,237,222	33,243,042	7,376,615	(6,737,575)	77,119,304
Management and general	0	0	1,241,462	0	1,241,462
Total expenses	43,237,222	33,243,042	8,618,077	(6,737,575)	78,360,766
Net assets released from restrictions	0	0	1,813,150	0	1,813,150
Noncontrolling interest in LLCs	0	(5,554,717)	0	0	(5,554,717)
Net assets, without donor restrictions	12,900,605	(468)	546,413	(10,700,242)	2,746,308
Change in net assets without donor restrictions	12,900,605	(5,555,185)	546,413	(10,700,242)	(2,808,409)
NET ASSETS WITH DONOR RESTRICTIONS					
Net assets released from restrictions	0	0	(1,813,150)	0	(1,813,150)
Change in net assets with donor restrictions	0	0	(1,813,150)	0	(1,813,150)
Change in net assets	12,900,605	(5,555,185)	(1,266,737)	(10,700,242)	(4,621,559)
Net assets, beginning	29,446,291	72,803,847	80,222,100	(18,943,553)	163,528,685
Capital contributions, noncontrolling interest	0	13,499,833	0	0	13,499,833
Distributions, noncontrolling interest	0	(75,087)	0	0	(75,087)
Syndication costs, noncontrolling interest	0	(136,137)	0	0	(136,137)
Transfer of ownership	466,414	(466,414)	0	0	0
Transfers between funds	(12,028,632)	18,474	3,429,722	8,580,436	0
Net assets, ending	<u>\$ 30,784,678</u>	<u>\$ 80,089,331</u>	<u>\$ 82,385,085</u>	<u>\$ (21,063,359)</u>	<u>\$ 172,195,735</u>

WISCONSIN HOUSING PRESERVATION CORP. & SUBSIDIARIES

SUMMARY OF RENTAL OPERATIONS BY PROJECT

Year ended December 31, 2020

Project	Total revenues ¹	Rental expenses ²	PILOT and real estate tax	Net operating income	Cash flow ³
Ashland Arms	\$ 287,532	\$ 142,235	\$ 0	\$ 145,297	\$ 78,859
Black Creek	99,431	59,812	6,960	32,659	17,346
Breezewood Village II	522,057	248,197	0	273,860	82,595
Brenwood Park	1,720,255	591,265	0	1,128,990	451,003
Brodhead Manor	279,987	135,267	0	144,720	86,366
Brookstone - Fitchburg	377,675	206,053	49,806	121,816	(20,018)
Capitol Centre	2,990,905	1,060,123	15,457	1,915,325	1,084,860
Cedar Grove - Menomonie	417,412	240,631	0	176,781	62,335
Central Wisconsin East	210,754	190,128	4,100	16,526	(3,636)
Central Wisconsin West	152,758	122,326	0	30,432	26,816
Chapel Terrace/Edgewood Manor	477,343	236,657	10,982	229,704	122,555
Chateau Regency Apartments	647,574	354,833	23,068	269,673	156,600
City Place	580,802	322,456	69,714	188,632	65,757
Clark Gardens	195,321	95,691	0	99,630	54,580
Cleveland Terrace	21,796	20,443	470	883	883
Cleveland Terrace (new)	228,173	112,284	5,390	110,499	69,288
DeNeveu Creek	177,480	99,339	1,636	76,505	25,715
Diamond Edge	402,411	273,220	8,100	121,091	(16,027)
Diamond View	749,001	519,989	14,795	214,217	(8,136)
Dunn County	506,527	414,388	2,000	90,139	2,895
Eagle Pine	312,956	141,002	0	171,954	88,290
East Terrace	1,275,400	592,547	40,304	642,549	325,635
Edgewater Terrace - Two Rivers	349,369	204,580	32,958	111,831	33,532
Forest Acres	589,069	290,521	0	298,548	146,134
Galesville Green Apartments	137,631	102,665	0	34,966	13,611
Garden View Townhomes	156,340	130,138	0	26,202	14,202
Grant County	496,629	310,165	0	186,464	88,501
Great River	46,051	35,070	0	10,981	2,649
Green Bay Family Apartments	880,033	449,042	63,673	367,318	201,892
Greenview - Ettrick	49,315	31,970	0	17,345	9,490
Greenwood Manor - Ladysmith	421,549	262,785	39,186	119,578	38,815
Grove Street	79,805	40,335	4,872	34,598	13,057
Hampton Regency	1,181,890	464,277	97,889	619,724	307,500
Harvest View	46,637	37,085	0	9,552	1,073
Hidden Glen - Holmen	308,317	182,788	0	125,529	31,775
Highland Estates II	156,913	73,319	3,105	80,489	80,489
Horicon Heights	140,759	55,046	0	85,713	53,095
IW East	91,074	63,616	5,000	22,458	17,707
IW West	150,711	93,954	10,000	46,757	35,624
Jackson County	565,867	579,500	8,100	(21,733)	(24,362)
Johnson Creek I & II	236,137	149,490	8,500	78,147	59,817
JNM, LLC	1,002,370	522,824	86,776	392,770	121,371
Kennedy Heights	1,510,698	590,827	1,179	918,692	521,463
La Corona	536,216	259,936	53,180	223,100	114,029
Lake Forest II	623,076	303,950	585	318,541	144,316
Laurel Gardens	458,834	312,922	0	145,912	72,435
Lincoln Court-Mt. Horeb	246,164	142,115	0	104,049	34,206
Lincoln School	458,031	240,763	7,632	209,636	116,702
Main Street Gardens	30,870	15,803	818	14,249	14,249
Main Street Gardens (new)	296,305	131,977	9,405	154,923	65,397
Balance carried forward	23,880,210	12,256,349	685,640	10,938,221	5,083,328

WISCONSIN HOUSING PRESERVATION CORP. & SUBSIDIARIES

SUMMARY OF RENTAL OPERATIONS BY PROJECT (Continued)

Year ended December 31, 2020

Project	Total revenues ¹	Rental expenses ²	PILOT and real estate tax	Net operating income	Cash flow ³
Balance brought forward	\$ 23,880,210	\$ 12,256,349	\$ 685,640	\$ 10,938,221	\$ 5,083,328
Manor Drive - Suring	39,903	36,721	1,200	1,982	1,982
Maple Terrace / Lakeview Village	642,419	318,698	0	323,721	138,327
McKinley Gardens	1,303,728	784,853	100,621	418,254	131,083
Meadow Grove-Madison	681,530	298,191	0	383,339	171,145
Mill Pond - Menomonee Falls	629,316	323,243	0	306,073	71,439
NW - CL Lund	743,130	357,604	0	385,526	195,771
NW - Regina Hill	558,947	264,626	0	294,321	147,674
NW - Englewood Barrington	489,819	339,056	21,205	129,558	25,960
Neenah I	430,309	270,604	0	159,705	64,045
Neenah II	650,520	356,635	0	293,885	100,970
Neillsville I	224,345	163,754	10,000	50,591	37,226
Neillsville II	212,142	124,293	0	87,849	87,849
Neillsville III	166,124	83,789	0	82,335	82,335
New Glarus (Prairie Haus)	8,493	33,244	488	(25,239)	(25,239)
NIBP - Amherst / University Heights	346,299	147,457	29,992	168,850	69,174
NIBP - Baldwin Apartments	148,137	107,690	16,705	23,742	6,029
NIBP - Calumet County	361,753	243,845	33,753	84,155	1,297
NIBP - Camelot Court	377,213	250,981	34,028	92,204	5,310
NIBP - Campbell Court	508,864	280,757	23,328	204,779	112,279
NIBP - Columbus Carriage Hills	220,565	139,449	16,137	64,979	28,876
NIBP - Clear Lake	144,745	68,599	11,172	64,974	44,119
NIBP - Crawford County Housing	742,559	472,595	67,351	202,613	68,852
NIBP - Green Bay-Badger Terrace	1,037,914	556,586	38,959	442,369	209,156
NIBP - Iowa County Housing	607,920	334,958	39,727	233,235	136,810
NIBP - Jenor Towers	592,099	311,801	38,762	241,536	127,957
NIBP - Lincoln Heights	329,626	154,006	34,509	141,111	65,261
NIBP - Mid Wisconsin/Vista Valley	275,353	190,982	14,999	69,372	15,329
NIBP - Owen Heights	118,238	80,596	12,520	25,122	1,072
NIBP - Redwood Terrace II	417,949	177,322	33,470	207,157	112,975
NIBP - Riverview Heights	1,164,743	575,718	120,648	468,377	213,356
NIBP - Sparta Arms / Fairview Estates	513,331	279,040	30,116	204,175	102,088
NIBP - Sunset View	276,087	152,508	24,053	99,526	28,609
NIBP - Tri-City	691,972	358,045	52,538	281,389	111,861
NIBP - Waldmar Housing	163,921	83,999	11,355	68,567	39,079
NIBP - Waushara Villages	241,981	161,450	10,362	70,169	43,876
Northern Lights	129,491	87,561	0	41,930	18,525
Northwinds-Manitowoc	337,635	215,645	30,944	91,046	14,698
Oakfield Housing	73,547	61,562	0	11,985	11,985
Oakview Manor	498,671	249,119	14,615	234,937	38,704
Oakwood/Portland Square	986,563	500,385	36,706	449,472	449,472
Parkside - Glendale	986,049	415,905	4,644	565,500	341,866
Phoenix - Portage	320,490	181,623	0	138,867	61,854
Pioneer Villa - Suring	88,149	83,215	2,400	2,534	2,534
Price County	422,102	294,276	0	127,826	46,352
Balance carried forward	43,784,901	23,229,335	1,602,947	18,952,619	8,843,250

WISCONSIN HOUSING PRESERVATION CORP. & SUBSIDIARIES

SUMMARY OF RENTAL OPERATIONS BY PROJECT (Continued)

Year ended December 31, 2020

Project	Total revenues ¹	Rental expenses ²	PILOT and real estate tax	Net operating income	Cash flow ³
Balance brought forward	\$ 43,784,901	\$ 23,229,335	\$ 1,602,947	\$ 18,952,619	\$ 8,843,250
Poplar	66,773	40,017	4,663	22,093	11,825
Rhineland LLC-Rhine Haus Highland Estates I	827,136	437,953	20,145	369,038	179,243
Rhineland LLC-Highland Estates II	156,913	73,319	3,105	80,489	27,206
Rice Lake - Woodland Village	163,688	108,482	0	55,206	55,206
Richland County	529,142	374,703	0	154,439	59,686
River Cove	359,829	282,826	51,003	26,000	(54,616)
River Falls Terrace (TC)	423,899	216,439	41,100	166,360	72,624
River Oaks Apartments	409,113	154,889	8,915	245,309	63,011
Riverview - Sheboygan	384,331	263,654	0	120,677	44,243
Rockwell Court Apartments	536,786	288,334	0	248,452	116,801
SBPI - Albert House	1,587,198	710,637	178,924	697,637	265,257
SBPI - Gateway Senior	378,390	193,592	10,264	174,534	59,464
SBPI - Greenview	197,268	99,380	11,205	86,683	42,655
SBPI - Howard Woods	338,241	199,684	15,340	123,217	38,773
SBPI - Lakeland	798,653	390,557	83,113	324,983	118,506
SBPI - Maple Ridge	388,604	202,059	62,627	123,918	24,885
SBPI - Princeton Meadows	187,565	95,330	6,250	85,985	57,181
SBPI - Wittwer	159,268	100,853	15,132	43,283	15,509
SBPI - Woodview	952,315	402,453	85,952	463,910	237,786
Scoville Center Apartments	1,318,030	642,091	130,837	545,102	257,767
Segoe Terrace	1,733,548	705,958	0	1,027,590	685,718
Shell Lake	102,629	79,231	2,200	21,198	4,679
Shelter Properties	654,777	449,540	327	204,910	134,687
Sherman Glen	1,095,141	450,174	0	644,967	283,561
Songbird - Chippewa Falls	172,224	115,340	0	56,884	6,265
Southridge Village	1,008,063	521,894	0	486,169	254,686
Spruce Meadows	49,134	43,777	0	5,357	5,357
St. Croix County I	298,177	165,872	0	132,305	93,266
St. Croix County II	1,122,072	578,867	0	543,205	210,190
Statewide Apartments	1,838,525	983,160	7,743	847,622	383,928
Sunny Hill - Sun Prairie	654,944	263,219	0	391,725	176,769
Sunset Terrace	243,181	158,357	0	84,824	81,611
Tanglewood - Kenosha	1,039,132	420,656	0	618,476	271,354
Taylor Ridge - Cottage Grove	729,804	334,772	0	395,032	155,750
Tennyson Ridge	789,355	426,757	94,756	267,842	1,876
The Edgewater - Berlin	348,793	252,774	0	96,019	27,399
Thousand Oaks Apartments	189,834	146,236	7,890	35,708	(7,890)
Trail Creek Apartments	670,822	365,306	46,290	259,226	132,271
University Gardens	928,355	538,148	18,300	371,907	(24,622)
Upham Village	562,724	279,006	0	283,718	107,693
Valley View	69,831	51,055	6,608	12,168	1,875
Villa West	1,321,496	619,944	0	701,552	395,731
Walworth Apartments	1,580,901	645,193	81,984	853,724	572,654
Washburn County - Hilltop Manor	230,241	99,000	16,065	115,176	52,454
Waukesha County	934,002	522,235	0	411,767	125,169
Westport Meadows - Port Washington	461,021	265,967	0	195,054	69,765
Westview	318,502	201,938	7,500	109,064	(6,530)
Whitewater Manor	221,122	133,807	9,433	77,882	18,702
Willowbrook	528,523	237,091	5,163	286,269	133,480
Winnebago County	1,010,908	607,519	0	403,389	105,331
Woodland Park Apartments	781,554	401,843	52,702	327,009	186,021
TOTALS	<u>\$ 75,637,378</u>	<u>\$ 39,571,223</u>	<u>\$ 2,688,483</u>	<u>\$ 33,377,672</u>	<u>\$ 15,175,462</u>

¹Total revenues are equal to rental income, net of vacancies, grant and other revenue (excluding non-rental activity income and Section 1602 Exchange Grants)

²Rental expenses are equal to property management fees, rental administrative expenses, utilities, operating and maintenance, preservation fee and taxes and insurance (excluding PILOT and real estate tax expense) included in the real estate portfolio fund.

³Cash flow is equal to the net operating income of the respective projects less debt service payments and does not include elimination for intercompany transactions. Cash flow does not reflect payments made on WHPC notes and mortgages.

WISCONSIN HOUSING PRESERVATION CORP. & SUBSIDIARIES

SUMMARY OF RENTAL OPERATIONS BY PROJECT

Year ended December 31, 2019

Project	Total revenues ¹	Rental expenses ²	PILOT and real estate tax	Net operating income	Cash flow ³
Ashland Arms	\$ 283,206	\$ 170,682	\$ 0	\$ 112,524	\$ 44,986
Black Creek	98,012	73,802	6,960	17,250	(5,176)
Breezewood Village II	542,414	265,838	0	276,576	82,659
Brenwood Park	1,752,828	593,145	80	1,159,603	456,430
Brodhead Manor	253,045	159,263	0	93,782	35,315
Brookstone - Fitchburg	295,705	111,227	29,044	155,434	50,475
Capitol Centre	2,940,030	1,072,536	14,369	1,853,125	828,316
Cedar Grove - Menomonie	413,108	303,442	0	109,666	(6,189)
Central Wisconsin East	187,076	171,944	4,100	11,032	(5,856)
Central Wisconsin West	153,634	124,694	0	28,940	27,527
Chapel Terrace/Edgewood Manor	467,855	265,684	10,767	191,404	84,255
Chateau Regency Apartments	627,785	384,395	22,512	220,878	107,463
City Place	559,787	295,779	99,566	164,442	2,899
CL Lund	21,528	34,125	0	(12,597)	(20,041)
Clark Gardens	227,941	122,470	0	105,471	60,421
Cleveland Terrace	243,998	148,622	5,557	89,819	48,608
DeNeveu Creek	177,191	111,348	6,637	59,206	11,423
Diamond Edge	390,629	283,039	8,098	99,492	(33,273)
Diamond View	675,806	421,183	13,896	240,727	25,433
Dunn County	483,820	468,814	2,000	13,006	(74,335)
Eagle Pine	305,031	129,337	0	175,694	81,850
East Terrace	1,272,607	632,258	39,836	600,513	283,599
Edgewater Terrace - Two Rivers	334,175	221,683	34,305	78,187	(1,031)
Englewood Barrington	17,375	15,190	194	1,991	(8,613)
Forest Acres	568,321	308,205	0	260,116	106,756
Galesville Green Apartments	149,460	95,288	0	54,172	25,307
Garden View Townhomes	152,048	159,395	5,000	(12,347)	(31,480)
Grant County	302,001	238,070	0	63,931	38,667
Grant County (new)	198,257	99,258	0	98,999	63,166
Great River	49,268	35,751	0	13,517	5,186
Green Bay Family Apartments	817,284	497,975	62,248	257,061	89,431
Greenview - Ettrick	49,697	43,327	0	6,370	(7,285)
Greenwood Manor - Ladysmith	453,198	260,259	39,131	153,808	73,032
Grove Street	80,300	36,747	4,703	38,850	17,309
Hampton Regency	1,133,284	470,637	100,320	562,327	252,590
Harvest View	51,384	35,498	0	15,886	5,194
Hidden Glen - Holmen	278,222	184,166	0	94,056	(3,562)
Highland Estates II	107,811	52,453	2,305	53,053	53,053
Horicon Heights	133,306	75,739	0	57,567	24,949
IW East	87,430	49,523	6,329	31,578	25,383
IW West	144,061	92,931	11,733	39,397	21,165
Jackson County	533,975	608,119	8,100	(82,244)	(133,885)
Johnson Creek I & II	234,584	136,889	8,500	89,195	70,819
JNM, LLC	960,723	522,750	87,087	350,886	(31,139)
Kennedy Heights	1,462,474	601,058	4,365	857,051	458,015
La Corona	518,143	281,805	50,496	185,842	75,166
Lake Forest II	622,933	316,259	590	306,084	131,859
Laurel Gardens	456,052	355,496	0	100,556	31,356
Lincoln Court-Mt. Horeb	239,064	143,915	0	95,149	24,172
Lincoln School	440,064	243,836	7,628	188,600	95,666
Main Street Gardens	302,638	172,500	9,858	120,280	30,754
Balance carried forward	23,250,568	12,698,349	706,314	9,845,905	3,588,789

WISCONSIN HOUSING PRESERVATION CORP. & SUBSIDIARIES

SUMMARY OF RENTAL OPERATIONS BY PROJECT (Continued)

Year ended December 31, 2019

Project	Total revenues ¹	Rental expenses ²	PILOT and real estate tax	Net operating income	Cash flow ³
Balance brought forward	\$ 23,250,568	\$ 12,698,349	\$ 706,314	\$ 9,845,905	\$ 3,588,789
Manor Drive - Suring	36,476	33,351	1,200	1,925	1,925
Maple Terrace / Lakeview Village	633,247	341,552	0	291,695	105,947
McKinley Gardens	1,323,045	814,077	107,129	401,839	114,366
Meadow Grove-Madison	650,540	301,870	0	348,670	138,817
Mill Pond - Menomonee Falls	645,293	319,165	484	325,644	87,749
NW - CL Lund	719,664	311,075	0	408,589	206,578
NW - Regina Hill	535,253	242,058	0	293,195	143,306
NW - Englewood Barrington	472,054	301,313	6,884	163,857	72,918
Neenah I	425,418	259,424	0	165,994	63,148
Neenah II	607,603	341,080	0	266,523	101,300
Neillsville I	220,388	182,440	10,000	27,948	(4,603)
Neillsville II	210,392	143,832	0	66,560	59,637
Neillsville III	148,638	98,936	0	49,702	49,702
NIBP - Amherst / University Heights	316,170	188,308	29,948	97,914	(3,579)
NIBP - Baldwin Apartments	162,497	118,390	16,268	27,839	9,801
NIBP - Calumet County	360,370	236,483	33,319	90,568	6,200
NIBP - Camelot Court	348,262	236,009	32,847	79,406	(9,072)
NIBP - Campbell Court	490,979	309,178	23,308	158,493	64,307
NIBP - Columbus Carriage Hills	214,245	129,725	16,195	68,325	31,564
NIBP - Clear Lake	144,452	63,912	10,761	69,779	48,545
NIBP - Crawford County Housing	699,991	441,572	67,331	191,088	54,889
NIBP - Green Bay-Badger Terrace	1,026,006	563,323	38,088	424,595	187,132
NIBP - Iowa County Housing	586,895	334,512	38,404	213,979	115,797
NIBP - Jenor Towers	591,183	306,496	39,443	245,244	129,594
NIBP - Lincoln Heights	322,037	157,588	34,130	130,319	53,087
NIBP - Mid Wisconsin/Vista Valley	258,281	179,128	14,743	64,410	9,383
NIBP - Owen Heights	106,167	77,230	10,873	18,064	(6,425)
NIBP - Redwood Terrace II	406,870	192,285	35,841	178,744	82,845
NIBP - Riverview Heights	1,129,050	589,632	118,343	421,075	161,406
NIBP - Sparta Arms / Fairview Estates	492,861	300,045	41,871	150,945	46,998
NIBP - Sunset View	264,665	164,246	24,974	75,445	3,236
NIBP - Tri-City	645,240	364,594	50,152	230,494	57,876
NIBP - Waldmar Housing	155,585	89,862	11,474	54,249	24,224
NIBP - Waushara Villages	242,546	204,321	10,671	27,554	782
Northern Lights	125,995	90,890	0	35,105	10,314
Northwinds-Manitowoc	326,719	212,732	30,716	83,271	5,950
Oakfield Housing	60,759	60,638	0	121	121
Oakview Manor	574,663	266,265	14,615	293,783	97,550
Oakwood/Portland Square	946,353	572,345	35,029	338,979	338,979
Parkside - Glendale	925,542	456,691	171,587	297,264	70,530
Phoenix - Portage	327,547	178,844	0	148,703	70,415
Pioneer Villa - Suring	73,670	79,185	2,400	(7,915)	(7,915)
Price County	225,635	198,967	0	26,668	(14,657)
Price County (new)	165,040	82,392	391	82,257	51,580
Balance carried forward	42,594,854	23,834,310	1,785,733	16,974,811	6,421,036

WISCONSIN HOUSING PRESERVATION CORP. & SUBSIDIARIES

SUMMARY OF RENTAL OPERATIONS BY PROJECT (Continued)

Year ended December 31, 2019

Project	Total revenues ¹	Rental expenses ²	PILOT and real estate tax	Net operating income	Cash flow ³
Balance brought forward	\$ 42,594,854	\$ 23,834,310	\$ 1,785,733	\$ 16,974,811	\$ 6,421,036
Poplar	67,487	41,172	4,663	21,652	11,384
Regina Hills	14,448	23,207	0	(8,759)	(10,766)
Rhine Haus and Highland Estates	548,466	329,371	13,585	205,510	129,699
Rhineland LLC-Rhine Haus Highland Estates I	254,983	127,654	5,937	121,392	74,305
Rhineland LLC-Highland Estates II	46,615	27,165	781	18,669	9,324
Rice Lake - Woodland Village	145,884	116,299	0	29,585	29,585
Richland County	507,899	377,508	0	130,391	14,481
River Cove	362,338	249,219	50,717	62,402	(91,348)
River Falls Terrace (TC)	403,251	235,971	6,000	161,280	17,195
River Oaks Apartments	414,881	201,653	8,844	204,384	21,843
Riverview - Sheboygan	366,518	254,267	0	112,251	34,871
Rockwell Court Apartments	540,800	309,690	0	231,110	98,860
SBPI - Albert House	1,545,837	750,368	175,442	620,027	187,249
SBPI - Gateway Senior	368,027	180,478	10,264	177,285	62,109
SBPI - Greenview	203,902	112,193	11,936	79,773	35,705
SBPI - Howard Woods	336,155	173,308	15,879	146,968	62,446
SBPI - Lakeland	782,501	404,280	82,408	295,813	89,146
SBPI - Maple Ridge	385,747	203,577	25,727	156,443	57,318
SBPI - Princeton Meadows	177,642	85,424	6,250	85,968	57,138
SBPI - Wittwer	158,807	111,268	15,675	31,864	4,064
SBPI - Woodview	884,028	392,543	86,519	404,966	178,634
Scoville Center Apartments	1,279,622	647,659	125,649	506,314	218,586
Segoe Terrace	1,654,423	700,874	11,045	942,504	599,978
Shell Lake	101,568	85,342	2,200	14,026	(5,034)
Shelter Properties	660,830	438,755	321	221,754	107,062
Sherman Glen	1,093,244	515,074	0	578,170	191,145
Songbird - Chippewa Falls	181,045	92,828	0	88,217	36,975
Southridge Village	958,594	476,635	0	481,959	250,034
Spruce Meadows	50,824	37,350	0	13,474	13,474
St. Croix County I	301,432	186,915	0	114,517	54,512
St. Croix County II	1,037,755	680,944	0	356,811	23,143
Statewide Apartments	1,765,790	961,800	7,842	796,148	348,577
Sunny Hill - Sun Prairie	639,675	254,075	0	385,600	168,091
Sunset Terrace	197,987	177,310	0	20,677	(9,163)
Tanglewood - Kenosha	1,021,246	430,551	0	590,695	241,433
Taylor Ridge - Cottage Grove	713,091	327,864	0	385,227	148,583
Tennyson Ridge	798,232	408,831	90,597	298,804	25,765
The Edgewater - Berlin	348,475	239,486	0	108,989	40,057
Thousand Oaks Apartments	210,778	189,026	8,479	13,273	(51,042)
Trail Creek Apartments	681,151	369,941	45,255	265,955	138,831
University Gardens	915,392	655,419	18,300	241,673	(154,376)
Upham Village	558,265	283,553	0	274,712	164,382
Valley View	71,622	42,904	5,280	23,438	12,570
Villa West	1,288,654	622,622	0	666,032	315,753
Walworth Apartments	1,447,379	640,561	82,288	724,530	440,224
Washburn County - Hilltop Manor	223,097	132,497	15,483	75,117	11,614
Waukesha County	902,301	511,739	0	390,562	127,889
Westport Meadows - Port Washington	459,216	250,295	0	208,921	82,168
Westview	368,125	164,908	7,500	195,717	80,123
Whitewater Manor	217,509	125,101	9,213	83,195	23,958
Willowbrook	534,143	255,147	5,214	273,782	120,298
Winnebago County	997,723	595,812	0	401,911	154,349
Woodland Park Apartments	767,888	398,472	51,524	317,892	176,794
TOTALS	<u>\$ 73,558,146</u>	<u>\$ 40,441,215</u>	<u>\$ 2,792,550</u>	<u>\$ 30,324,381</u>	<u>\$ 11,591,031</u>

¹Total revenues are equal to rental income, net of vacancies, grant and other revenue (excluding non-rental activity income and Section 1602 Exchange Grants)

²Rental expenses are equal to property management fees, rental administrative expenses, utilities, operating and maintenance, preservation fee and taxes and insurance (excluding PILOT and real estate tax expense) included in the real estate portfolio fund.

³Cash flow is equal to the net operating income of the respective projects less debt service payments and does not include elimination for intercompany transactions. Cash flow does not reflect payments made on WHPC notes and mortgages.

**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**

INDEPENDENT AUDITOR'S REPORT

To the Audit Committee
Wisconsin Housing Preservation
Corp. & Subsidiaries
Madison, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Wisconsin Housing Preservation Corp. & Subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated May 27, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Wisconsin Housing Preservation Corp. & Subsidiaries' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Wisconsin Housing Preservation Corp. & Subsidiaries' internal control. Accordingly, we do not express an opinion on the effectiveness of Wisconsin Housing Preservation Corp. & Subsidiaries' internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wisconsin Housing Preservation Corp. & Subsidiaries' 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

SVA Certified Public Accountants, S.C.

Madison, Wisconsin

May 27, 2021

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT

To the Audit Committee
Wisconsin Housing Preservation
Corp. & Subsidiaries
Madison, Wisconsin

Report on Compliance for Each Major Federal Program

We have audited Wisconsin Housing Preservation Corp. & Subsidiaries' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Wisconsin Housing Preservation Corp. & Subsidiaries' major federal programs for the year ended December 31, 2020. Wisconsin Housing Preservation Corp. & Subsidiaries' 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Wisconsin Housing Preservation Corp. & Subsidiaries' 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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Wisconsin Housing Preservation Corp. & Subsidiaries' 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 Wisconsin Housing Preservation Corp. & Subsidiaries' compliance.

Opinion on Each Major Federal Program

In our opinion, Wisconsin Housing Preservation Corp. & Subsidiaries complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of Wisconsin Housing Preservation Corp. & Subsidiaries 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 Wisconsin Housing Preservation Corp. & Subsidiaries' 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, 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 Wisconsin Housing Preservation Corp. & Subsidiaries' 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 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. Accordingly, this report is not suitable for any other purpose.

SVA Certified Public Accountants, S.C.

Madison, Wisconsin

May 27, 2021

WISCONSIN HOUSING PRESERVATION CORP. & SUBSIDIARIES
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 December 31, 2020

Section I -- Summary of Auditor's Results

Financial statements

Type of auditor's report issued: Unmodified opinion

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified not considered to be material weaknesses? yes no

Noncompliance material to financial statements noted? yes no

Federal awards

Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified not considered to be material weaknesses? yes no

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.415	Rural Rental Housing Loans
10.415	Interest Reduction Payments
10.415	Section 515 Multi-Family Housing Preservation Revolving Loan Fund Demonstration Program
14.239	HOME Investment Partnerships Program

Dollar threshold used to distinguish between Type A and Type B programs: \$2,165,756

Auditee qualified as low-risk auditee? yes no

There were no findings for the year ended December 31, 2020.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Wisconsin Housing Preservation Corp. & Subsidiaries

Audit Firm: SVA Certified Public Accountants, S.C.

Audit Period: Year ended December 31, 2020

Summary Schedule of Prior Audit Findings Prepared by:

Name: Joseph M. Carpenter

Position: Chief Financial Officer, Wisconsin Housing Preservation Corp. & Subsidiaries

Telephone Number: 608-807-1718

There were no findings for the year ended December 31, 2019.

CORRECTIVE ACTION PLAN

Wisconsin Housing Preservation Corp. & Subsidiaries

Audit firm: SVA Certified Public Accountants, S.C.

Audit Period: Year ended December 31, 2020

Corrective Action Plan Prepared by:

Name: Joseph M. Carpenter

Position: Chief Financial Officer, Wisconsin Housing Preservation Corp. & Subsidiaries

Telephone Number: 608-807-1718

There were no findings for the year ended December 31, 2020.

May 27, 2021

Audit Committee
Mary Wright
Joseph M. Carpenter
Wisconsin Housing Preservation Corp. & Subsidiaries
150 East Gilman Street, Suite 1500
Madison, WI 53703

This letter includes a summary of our comments and suggestions with respect to financial, administrative, and other matters that came to our attention during the course of our audit engagement. These matters are offered as constructive suggestions for the consideration of management as part of the ongoing process of improving accounting controls and other financial practices and procedures. This letter also includes a brief summary of our responsibilities regarding considerations of fraud and internal control in the performance of our audit engagement. In addition, this letter summarizes certain matters required to be communicated to you under professional standards in your oversight responsibilities for the entity's financial reporting process.

Financial information presented in this letter was derived from the organization's consolidated financial statements which were audited by us, and such financial information should be read in conjunction with those consolidated financial statements and our report thereon.

Recommendations and suggestions

Comments specific to individual properties

During the course of our audit, we identified certain other management points that related to specific properties or property management companies. These comments were considered to be immaterial to the overall WHPC consolidated financial statements and have been verbally communicated with the individual property management companies.

In addition, certain items including immaterial instances of noncompliance were also communicated in the management letters for properties that had a standalone audit requirement. We recommend that these recommendations be implemented in conjunction with the comments communicated in this letter.

We would like to draw your attention to new accounting standards that may affect your organization in the next few years. We encourage you to become familiar with these new standards and to consult with SVA on any questions you have regarding impact or implementation.

New Auditor Reporting and Communication Changes

Between May 2019 and April 2020, the AICPA Auditing Standards Board issued a series of new auditing standards that impacts the form and content of all auditor's reports issued for audits of financial statements for periods ending on or after December 15, 2021. Key changes include presenting the opinion first followed by the basis for opinion which includes an explicit statement that the auditor is required to be independent of the entity; including a description of the respective responsibilities of management and the auditor for going concern; including a prescribed paragraph and heading when substantial doubt about the entity's ability to going concern remains after considering management's plans; and expanding the description of the auditor's responsibilities for the audit.

In addition, the new auditing standards require the auditor to communicate with those charged with governance about the significant risks identified by the auditor during planning. These standards also require the auditor to communicate with those charged with governance about the auditor's views relating to the entity's significant unusual transactions and on the potential effects of uncorrected misstatements on future-period financial statements at the end of the audit. We wanted to make you aware of these key changes that will impact the reporting and communications you receive from your auditors in future audit engagements.

Required communications

Professional standards require that we provide you with certain information related to our audit. These Required Communications are attached to this letter.

Consideration of internal control and fraud

Fraud Considerations

As described in our engagement letter, we planned and performed our audit to obtain reasonable assurance about whether the consolidated financial statements were free of material misstatements, whether from errors, fraudulent reporting, misappropriation of assets, or violations of laws or governmental regulations that are attributable to the organization or to acts by management or employees acting on behalf of the organization. An audit is not designed to provide absolute assurance, and because we do not perform a detailed testing of all transactions, there is a risk that material misstatements may exist and not be detected by us. An audit is also not designed to detect immaterial misstatements or violations of laws or regulations that do not have a direct and material effect on the consolidated financial statements.

Internal Control Considerations

As described in our engagement letter, our audit included obtaining an understanding of internal control sufficient to plan the audit and to determine the nature, timing, and extent of audit procedures to be performed. An audit is not designed to provide assurance on internal control or identify deficiencies in internal control, that is, significant deficiencies in the design or operation of internal control. However, we would communicate to you internal control matters that are required to be communicated under professional standards. Our findings are presented in the Internal Control Communication attached to this letter.

In addition to matters that are required to be disclosed in accordance with professional standards, we have the following recommendation with regard to another internal control matter:

The Accounting Manager and System Administrator of Horizon Management Group have the ability to record and authorize cash disbursements in the general ledger, process checks, and utilize a signature stamp which creates a control deficiency over cash disbursements. Management has established compensating monitoring controls that are detective in nature, but not preventative. We recommend that you continue to monitor the effectiveness of these controls.

Conclusion

We would like to thank you and your employees for the assistance provided to us in the performance of our engagement. We hope we have provided you with valuable information during the course of our engagement.

We have already discussed many of these recommendations and suggestions with various organization personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any other additional study of these matters, or to assist you in implementing the recommendations.

This information is intended solely for the information and use of management, the Audit Committee of WHPC, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,



Kirsten Houghton, CPA, MBA
Principal
SVA Certified Public Accountants, S.C.
P: 608-826-2046
houghtonk@sva.com

Encl.

Required Communications

We have audited the consolidated financial statements of Wisconsin Housing Preservation Corp. & Subsidiaries for the year ended December 31, 2020, and have issued our report thereon dated May 27, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 27, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Wisconsin Housing Preservation Corp. & Subsidiaries are described in Note A to the consolidated financial statements. As described in Note A, the organization changed accounting policies related to lease transactions by adopting FASB ASC Topic 842, *Leases*, in fiscal year 2020. Accordingly, the accounting change has been retrospectively applied to prior periods presented as if the policy had always been used. No other new accounting policies were adopted, and the application of existing policies was not changed during fiscal year 2020. We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the consolidated financial statements in the proper period.

Accounting estimates are an integral part of the consolidated financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the consolidated financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the consolidated financial statements were:

Management's estimate of the useful lives of depreciable assets and the related depreciation methods, as described in Note A, are based on historical factors and industry practice. We evaluated the key factors and assumptions used to develop the estimated useful lives and related depreciation methods in determining that they are reasonable in relation to the consolidated financial statements taken as a whole.

Management's estimate of the fair value of the interest rate swap agreements, as described in Note E, are based on observable interest rates and yield curves for similar swaps. We evaluated the key factors and assumptions used to develop the fair value of the interest rate swap agreements in determining that they are reasonable in relation to the consolidated financial statements taken as a whole.

Management's estimate of the lease term to be used in calculating the right-of-use asset, as described in Note L, are based on the terms as outlined in the lease agreement and management's intended future use of the office space. Management's estimate of the incremental borrowing rate used in the calculation of the right-of-use asset, as described in Note L, are based on the rate that management would have to pay to borrow on a collateralized basis over a similar term in an amount similar to the lease payment in a similar economic environment. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the consolidated financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the consolidated financial statements were the disclosures of the Use Agreements, Land Use Restriction Agreements, Housing Assistance Payments (HAP) Contracts, Rental Assistance Payments (RAP) Contracts, Asset Management Agreement and PILOT Agreements disclosed in Note I and Cash Flow Restrictions disclosed in Note J to the consolidated financial statements

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the consolidated financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 27, 2021. A copy of this signed representation letter is attached.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the organization’s consolidated financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the organization’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Supplementary Information Accompanying the Financial Statements

With respect to the supplementary information accompanying the consolidated financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles the method of preparing it has not changed from the prior period; and the information is appropriate and complete in relation to our audit of the consolidated financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the consolidated financial statements or to the consolidated financial statements themselves.

Internal Control Communication

In planning and performing our audit of the consolidated financial statements of Wisconsin Housing Preservation Corp. & Subsidiaries as of and for the year ended December 31, 2020 in accordance with auditing standards generally accepted in the United States of America, we considered the organization's internal control over financial reporting (internal control) as a basis for designing auditing 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 the organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control.

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

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. 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.

This communication is intended solely for the information and use of management, the Audit Committee of WHPC, and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

Signed Management Representation Letter

SVA Certified Public Accountants, S.C.
P.O. Box 44966
Madison, WI 53744-4966

Dear Sir or Madam:

This representation letter is provided in connection with your audits of the consolidated financial statements of Wisconsin Housing Preservation Corp. & Subsidiaries which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements, for the purpose of expressing an opinion as to whether the consolidated financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our actual knowledge and belief, the following representations made to you during your audits:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated October 1, 2020, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
3. We acknowledge our responsibility for 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable. In that regard, the measurement process used in determining accounting estimates is appropriate and consistent; and the assumptions

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used appropriately reflect our intent and ability to carry out specific courses of action; the disclosures related to accounting estimates are complete and appropriate.

6. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
7. All events, including instances of noncompliance, subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed in the financial statements or in the schedule of findings and questioned costs.
8. We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the entity's accounts.
9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
10. Significant estimates and material concentrations have been properly disclosed in accordance with U.S. GAAP. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
11. Guarantees, whether written or oral, under which the entity is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.
12. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, lines of credit or similar arrangements have been properly disclosed.
13. Amounts of contractual obligations for construction and/or purchase of real property, equipment, other assets, and intangibles have been properly disclosed.
14. All liabilities which are subordinated to any other actual or possible liabilities of Wisconsin Housing Preservation Corp. & Subsidiaries have been properly disclosed.
15. All leases and material amounts of rental obligations under long-term leases have been properly disclosed.
16. Wisconsin Housing Preservation Corp. & Subsidiaries has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
17. As part of your audit, you assisted with the preparation of the financial statements, related notes, supplementary information, and schedule of expenditures of federal awards. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possess suitable skill, knowledge, or

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experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements, related notes, supplementary information, and schedule of expenditures of federal awards.

18. We acknowledge our responsibility for presenting the schedule of expenditures of federal awards, consolidating statements of financial position and activities, summaries of rental operations by project, and the supplemental information required by WHEDA (collectively, the "supplementary information"), in accordance with U.S. GAAP, and we believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
19. There have been no communications from HUD or other regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
20. The valuation method used to measure the fair value of investments and interest rate swaps is appropriate and consistent. The disclosures on fair value are complete and adequate. There have been no subsequent events that would require adjustment to the fair value measurements and disclosures.
21. Receivables recorded in the financial statements represent valid claims against tenants and other parties for rent or other charges arising on or before the statement of financial position dates.
22. We have implemented a new accounting standard, ASU 2016-02, Leases (Topic 842) during the audit period in accordance with the transition guidance prescribed in the ASU. We have sufficient and appropriate documentation supporting all estimates and judgments underlying the amounts recorded and disclosed in the financial statements. Specifically, we have determined the following:
 - a. It is reasonably certain we will exercise the first five-year option renewal under WHPC's office space lease after considering all relevant economic factors as outlined in ASC 842-10-55-26. As a result, the first five-year option period is included in the lease term used to determine the lease liability and right-of-use asset;
 - b. It wasn't practicable to determine the fair value of the leased property in determining the lease classification of the office space lease; and
 - c. The discount rate of 6% on the office space lease is the expected rate of interest we would have to borrow funds to pay for the space on a collateralized basis.
23. We have analyzed all lease contracts and have considered, and recorded material embedded leases contained within other contracts in accordance with ASU 2016-02.

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Information Provided

24. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters, and all audit or relevant monitoring reports, if any, received from funding sources. Among other things, relevant information may include completeness and availability of all minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared as well as communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
25. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
26. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
27. We have no knowledge of any fraud or suspected fraud that affects Wisconsin Housing Preservation Corp. & Subsidiaries and involves:
 - a. Management
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
28. We have no knowledge of any allegations of fraud or suspected fraud affecting Wisconsin Housing Preservation Corp. & Subsidiaries' financial statements communicated by employees, former employees, grantors, regulators, or others.
29. We have no knowledge of any instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse whose effects should be considered when preparing financial statements.
30. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.

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31. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
32. Except as made known to you and disclosed in the notes to the financial statements, the entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
33. We are responsible for compliance with the provisions of laws, regulations, contracts, and grant agreements applicable to us.
34. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
35. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
36. Wisconsin Housing Preservation Corp. is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the entity's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with the tax authorities are up-to-date.
37. With respect to federal award programs:
 - a. We are responsible for understanding and complying with, and have complied with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), relating to preparation of the schedule of expenditures of federal awards.
 - b. We acknowledge our responsibility for preparing and presenting the schedule of expenditures of federal awards (SEFA) and related notes in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period, and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.

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- c. If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.
- d. We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- e. We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.
- f. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
- g. We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- h. We have received no requests from a federal agency to audit one or more specific programs as a major program.
- i. We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Compliance Supplement*, relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards.
- j. We have disclosed to you any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- k. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that

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directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.

- l. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR, part 200, subpart E), OMB Circular A-122, *Cost Principles for Nonprofit Organizations*, and Subpart C, Section 23, *Cost Sharing or Matching*, of OMB Circular A-110, *Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations*, as applicable.
- m. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- n. We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- o. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p. There are no known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- q. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance subsequent to the period covered by the auditor's report.
- r. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.
- s. The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- t. We have charged costs to federal awards in accordance with applicable cost principles.
- u. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.

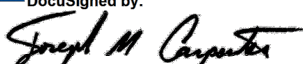
SVA Certified Public Accountants, S.C.
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- v. We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
 - w. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
 - x. We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.
38. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
39. In regard to the following services performed by you: information return preparation; maintenance of depreciation/amortization schedules; enter the financial statement information into REAC prior to its electronic submission; installation and ongoing support, updates, and upgrades of Microsoft Dynamics for Reilly Joseph Company; consulting services provided for data management pilot; and entry of information into the data collection form, we have—
- a. Assumed all management responsibilities.
 - b. Designated an individual (within senior management) with suitable skill, knowledge, or experience to oversee the services.
 - c. Evaluated the adequacy and results of the services performed.
 - d. Accepted responsibility for the results of the services.

The above representations related to your audits are made to you as of 5/27/2021 2021, the date of your audit report.

Sincerely,

Wisconsin Housing Preservation Corp. & Subsidiaries

DocuSigned by:

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Joseph M. Carpenter
Chief Financial Officer

WISCONSIN HOUSING PRESERVATION CORP (WHPC) MEMBERS

Revised 2/8/2022

BOARD OF DIRECTORS

OFFICERS

Mary Wright - President

2591 Norwich Street

Fitchburg, WI 53711

mwright@whpccorp.org

(608) 807-1788 (office)

(608) 977-2472 (cell)

Term expiration date: July 1, 2023
1st Term

Erbert Johnson - Chairman

1840 West Greenwood Road

Glendale, WI 53209

johnsonerbert@gmail.com

(414) 477-2611 (home)

Term expiration date: July 1, 2023
2nd Term

Richard A. Hansen – Vice President

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Richhans1@gmail.com

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(920) 787-2295 (home)

Term Expiration Date: July 1, 2023
3rd Term

Brett Gerber - Treasurer

Impact Seven

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Ladysmith, WI 54848

brett.gerber@impactseven.org

President & CEO

(715) 434-1701 (office)

(715) 415-0544 (cell)

Term expiration date: July 1, 2027
2nd Term

David Strelitz - Secretary

Associated Bank

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New Berlin, WI 53151

davestrelitz@gmail.com

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(414) 347-2067 (office)

(262) 364-7144 (cell)

Term expiration date: July 1, 2025
3rd Term

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1st Term

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Revised 2/8/2022 – continued

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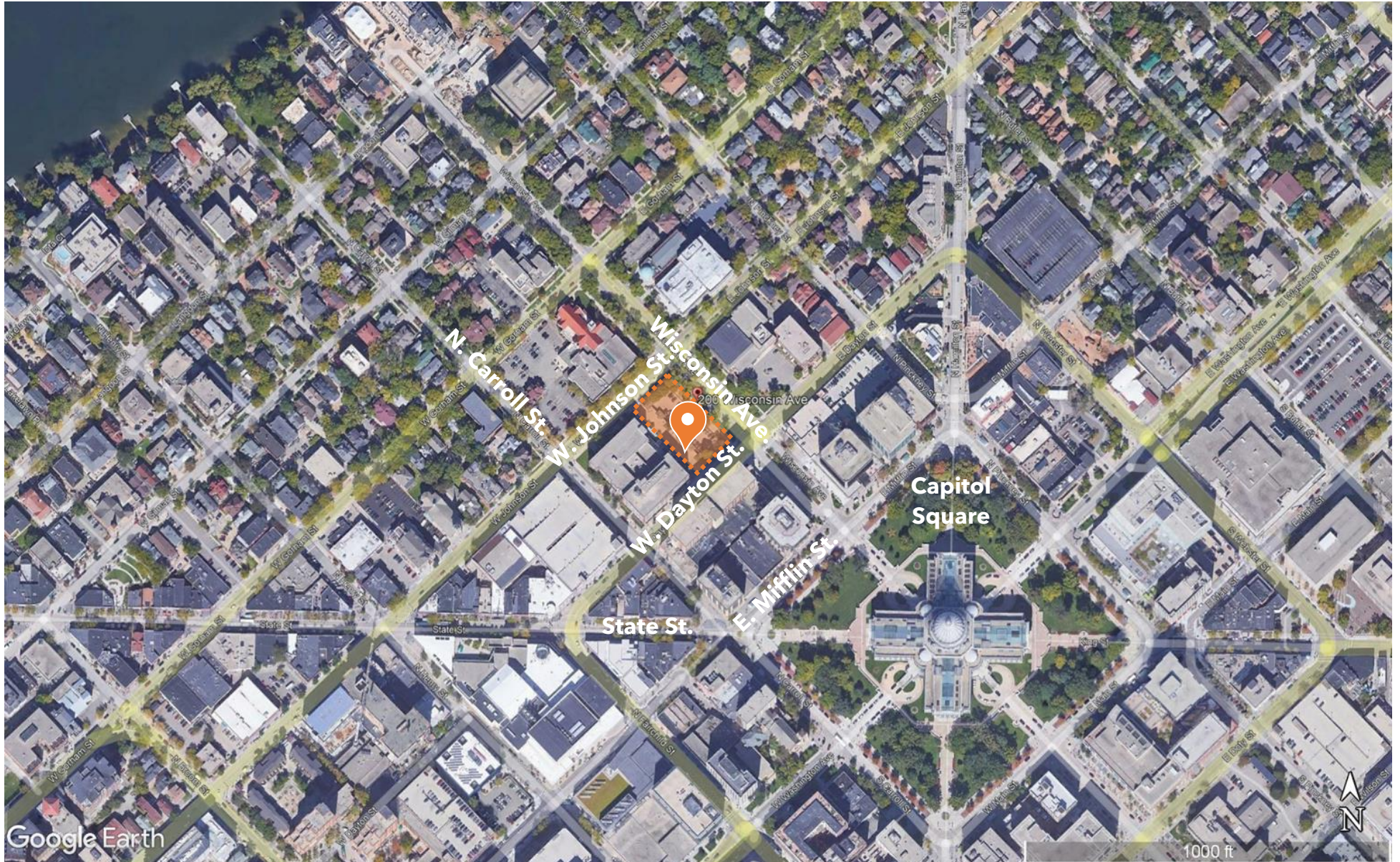
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(608) 345-4663 (cell)

Velma Apartments

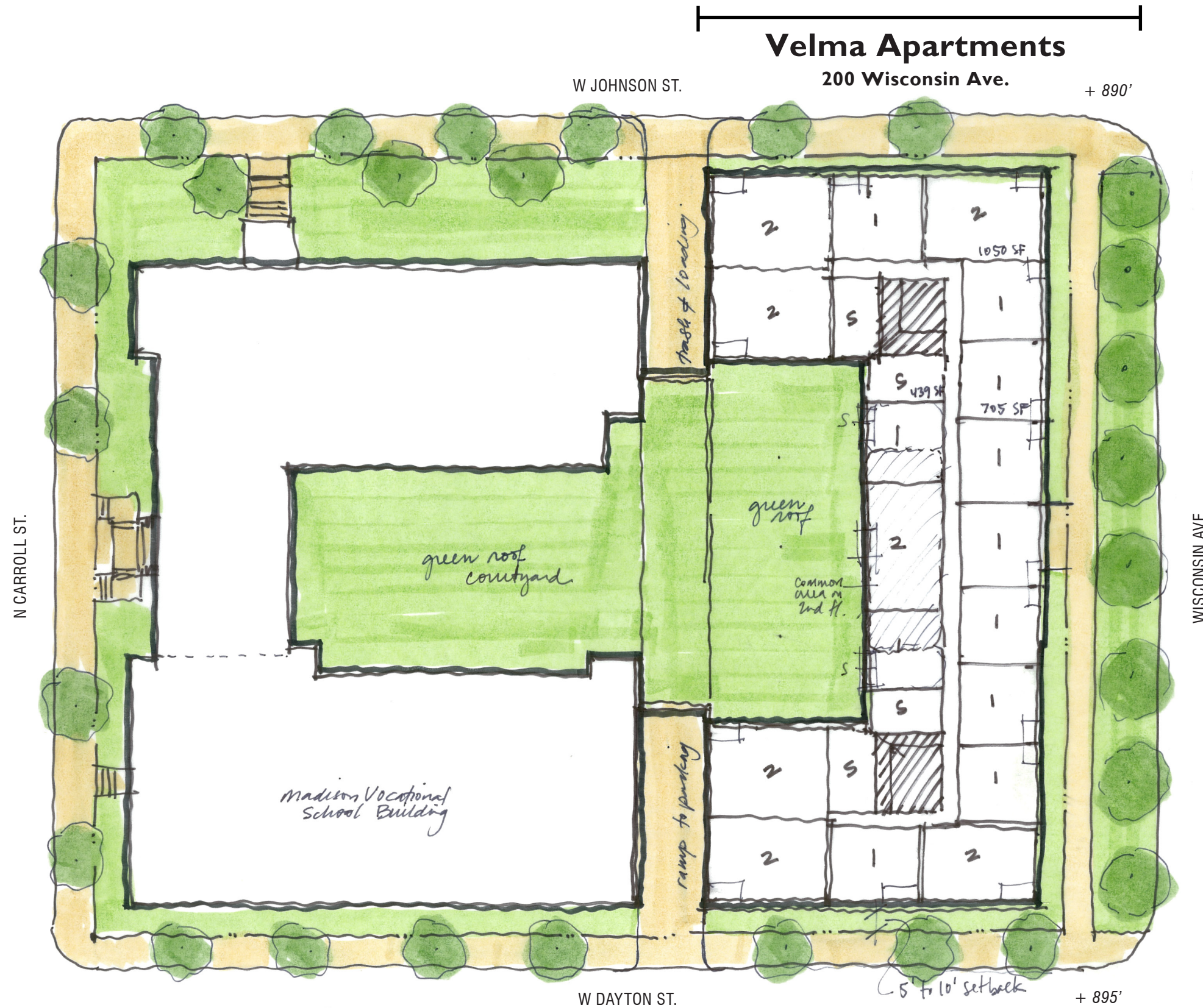
200 Wisconsin Ave., Madison, Wisconsin



Velma Apartments

200 Wisconsin Ave.

+ 890'



Unit Summary

Units per Floor	21 - 22 Units	
Residential Floors	9 Floors	
Two Bedroom	62 Units	31%
One Bedroom	97 Units	49%
Studio	38 Units	19%
Total	197 Units	

Area Summary

First Floor	
Commercial	26,175 SF
Residential Commons	≈ 2,000 SF
	28,175 SF
Floors 2-10	
9 Residential Floors at	21,948 SF
	197,532 SF
Total Area	225,707 SF

Zoning: UMX, Urban Mixed-Use

Building Height: 8 Stories + 2 Bonus Stories Allowed

Setbacks: 5' to 10' at front and side yards, 10' at rear

Building Height: 105' Total

1st Floor: 15' Floor to Floor

Floors 2-10: 10' Floor to Floor

Elevation: ≈ 895.0' First Floor

1000.0' Roof

1032.0' Capital View Preservation Height



Welcome to the New Construction Application

- Enter as much information that is known at this time; the rest can be entered later.
- Fields marked with a red bar are required.
- After entering information, click the "Submit" button at the bottom of the page to save your progress.
- Once the information is submitted, you will receive a link via email that can be used to access the form again, or forwarded to others to complete more of the application.

APPLICATION

FOE-2C691-21389

Created by **Megan Walela** on 2/22/2022 11:26:16 AM. Wisconsin Housing Preservation Corp.. mwalela@whpccorp.com. 6086209435

Last modified by Megan Walela on 2/22/2022 4:57:44 PM [Revision 2]. Wisconsin Housing Preservation Corp.. mwalela@whpccorp.com. 6086209435

TERMS & CONDITIONS

[Read the terms & conditions](#)

I have read and agree to the terms

PROJECT

Required fields are indicated with a red bar.

Project Name:	Downtown Madison Site		Street Address:	200 Wisconsin Ave.	
City:	Madison	State:	WI	ZIP:	53703
Electricity Utility Provider:	Madison Gas and Electric Company		Gas Utility Provider:	Madison Gas and Electric Company	

BUILDING OWNER

Please ensure all contact information is correct, as incentive checks will be sent to this address.

Company Name:	Wisconsin Housing Preservation Corp.		Billing Address:	150 East Gilman Street	
City:	Madison	State:	WI	ZIP:	53703
Customer Contact Name:	Mike Slavish	Phone:	6082898054	E-mail:	msslavish@whpccorp.org

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DESIGN TEAM INFORMATION

Only team members listed below with a valid e-mail address will be granted access to view or edit this application.

Architectural Firm

Company Name:

Potter Lawson

Contact Name:

Doug Hursh

Phone:

608-274-2741

E-mail:

dough@potterlawson.com

General Contractor

Company Name:

Contact Name:

Phone:

E-mail:

Mechanical Engineer

Company Name:

Contact Name:

Phone:

E-mail:

Electrical Engineer

Company Name:

Contact Name:

Phone:

E-mail:

Development Company

Company Name:

Wisconsin Housing Preservation

Contact Name:

Wisconsin Housing Preservation

Phone:

E-mail:

Other Design Team

Company Name:

Contact Name:

Phone:

E-mail:

Company Name:

Contact Name:

Phone:

E-mail:

Company Name:

Contact Name:

Phone:

E-mail:

PROJECT SCHEDULE

Schematic Design

Start Date:

February 2022

End Date:

March 2022

Notes on Schedule:

Estimated

Design Development

Start Date:

April 2022

End Date:

July 2022

Notes on Schedule:

Estimated

Construction Documents

Start Date:

End Date:

Notes on Schedule:

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Construction

Start Date:

Spring 2023

End Date:

Winter 2024

Notes on Schedule:

Estimated

BUILDING INFORMATION

Select one or more of the applicable construction types.

New Construction

Building SF:

225707

Building Type:

Multifamily

Percent Heated:

100

Percent Cooled:

100

Addition

Renovation

Year of Construction Completion:

2024

Year of any Remodels:

Year of any Additions:

DESIGN PROCESS

Design/Bid/Build Single Package

Design/Bid/Build Multiple Package

Design Build

Unspecified

DESIGN CONSIDERATION OPTIONS

Willingness to Consider Energy-Saving Alternatives

Orientation/Building layout: Very Somewhat Not at all

Roof insulation: Very Somewhat Not at all

Wall insulation: Very Somewhat Not at all

Glazing type/Window design: Very Somewhat Not at all

Lighting design/controls: Very Somewhat Not at all

Daylighting controls: Very Somewhat Not at all

Heating/Cooling efficiencies: Very Somewhat Not at all

Load-responsive equipment: Very Somewhat Not at all

Outside air control: Very Somewhat Not at all

Other energy design alternatives:

Social considerations and other comments:

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This project is submitting to the 2022 City of Madison Housing Forward RFP

Where did you hear about Focus on Energy?

Past Participation

INCENTIVE IMPACT (REQUIRED)

The continued availability of Program incentives and analysis is strongly dependent on the impact each plays in improving the energy efficiency of the design. Please take a moment to answer the following questions.

During the planning stages, were potential incentives from Focus on Energy part of the budget discussion?

Very Somewhat No

Are you requesting Design Assistance services to:

Allow the Project to pursue improved energy efficiency?

Very Somewhat No

Enable the Project to keep proposed energy efficiency options in the Design?

Very Somewhat No

Aid in making energy efficiency design decisions?

Very Somewhat No

Play a role in helping the team understand how to best achieve energy efficiency within the construction budget?

Very Somewhat No

Note: Clicking the 'Submit' button will initiate Program review, but does not finalize this application. Upon submission, you will receive an email confirmation including a link to allow you to make further modifications.

Submit

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