

**LA CAUSA, INC.**  
Milwaukee, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report  
As of and for the Years Ended December 31, 2018 and 2017

# LA CAUSA, INC.

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
La Causa, Inc.  
Milwaukee, Wisconsin

### **Report on the Financial Statements**

We have audited the accompanying financial statements of La Causa, Inc. (the "Organization"), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these 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.

### ***Auditors' 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 the Organization as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis-of-Matter**

As discussed in Note 1 to the financial statements, the Organization adopted Accounting Standards Update ("ASU") No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to that matter.

## **Other Matters**

### *Other 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 and state awards and supplemental information identified in the table of contents, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *State Single Audit Guidelines*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2019 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

*Baker Tilly Virchow Krause, LLP*

Milwaukee, Wisconsin  
May 1, 2019

**LA CAUSA, INC.**

STATEMENTS OF FINANCIAL POSITION  
As of December 31, 2018 and 2017

<b>ASSETS</b>		
	2018	2017
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,331,819	\$ 1,912,105
Grants receivable	1,144,159	1,362,183
Other accounts receivable	78,744	36,506
Pledges receivable	51,354	16,576
Prepaid expenses	127,489	62,357
Total Current Assets	3,733,565	3,389,727
<b>PROPERTY AND EQUIPMENT</b>	9,864,541	9,816,251
<b>OTHER ASSETS</b>		
Restricted cash	124,093	182,508
Interest rate swap	33,426	5,182
Other long-term assets	82,569	48,919
Total Other Assets	240,088	236,609
<b>TOTAL ASSETS</b>	\$ 13,838,194	\$ 13,442,587
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 460,708	\$ 372,581
Due to Milwaukee County - current portion	317,451	177,519
Accrued expenses	685,973	742,741
Deferred revenue	1,422,608	1,911,580
Long-term debt - current portion	615,135	490,349
Other liabilities	52,390	46,122
Total Current Liabilities	3,554,265	3,740,892
<b>LONG-TERM LIABILITIES</b>		
Due to Milwaukee County, less current portion	247,000	-
Asset retirement liability	81,095	81,095
Long-term debt, less current portion, net	4,229,390	4,853,692
Total Long-Term Liabilities	4,557,485	4,934,787
Total Liabilities	8,111,750	8,675,679
<b>NET ASSETS</b>		
Without donor restrictions	5,508,777	4,523,850
With donor restrictions	217,667	243,058
Total Net Assets	5,726,444	4,766,908
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 13,838,194	\$ 13,442,587

See accompanying notes to financial statements.

## LA CAUSA, INC.

### STATEMENTS OF ACTIVITIES For the Years Ended December 31, 2018 and 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>PUBLIC SUPPORT</b>						
Government grants	\$ 11,648,595	\$ -	\$ 11,648,595	\$ 12,767,657	\$ -	\$ 12,767,657
United Way	42,216	42,220	84,436	43,980	43,974	87,954
Donations	398,721	55,950	454,671	283,311	51,576	334,887
Special events without donor restrictions	214,576	-	214,576	174,483	-	174,483
Net assets released from restrictions	<u>123,561</u>	<u>(123,561)</u>	<u>-</u>	<u>141,330</u>	<u>(141,330)</u>	<u>-</u>
Total Public Support	<u>12,427,669</u>	<u>(25,391)</u>	<u>12,402,278</u>	<u>13,410,761</u>	<u>(45,780)</u>	<u>13,364,981</u>
<b>REVENUE</b>						
Private pay clients	178,998	-	178,998	186,479	-	186,479
Fees for services	7,030,607	-	7,030,607	7,038,639	-	7,038,639
Miscellaneous	<u>163,061</u>	<u>-</u>	<u>163,061</u>	<u>111,922</u>	<u>-</u>	<u>111,922</u>
Total Revenue	<u>7,372,666</u>	<u>-</u>	<u>7,372,666</u>	<u>7,337,040</u>	<u>-</u>	<u>7,337,040</u>
Total Public Support and Revenue	<u>19,800,335</u>	<u>(25,391)</u>	<u>19,774,944</u>	<u>20,747,801</u>	<u>(45,780)</u>	<u>20,702,021</u>
<b>EXPENSES</b>						
Program	16,737,335	-	16,737,335	18,147,645	-	18,147,645
Supporting services	<u>2,078,073</u>	<u>-</u>	<u>2,078,073</u>	<u>1,939,036</u>	<u>-</u>	<u>1,939,036</u>
Total Expenses	<u>18,815,408</u>	<u>-</u>	<u>18,815,408</u>	<u>20,086,681</u>	<u>-</u>	<u>20,086,681</u>
<b>CHANGE IN NET ASSETS</b>	984,927	(25,391)	959,536	661,120	(45,780)	615,340
NET ASSETS - Beginning of Year	<u>4,523,850</u>	<u>243,058</u>	<u>4,766,908</u>	<u>3,862,730</u>	<u>288,838</u>	<u>4,151,568</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 5,508,777</u>	<u>\$ 217,667</u>	<u>\$ 5,726,444</u>	<u>\$ 4,523,850</u>	<u>\$ 243,058</u>	<u>\$ 4,766,908</u>

See accompanying notes to financial statements.

## LA CAUSA, INC.

### STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2018 and 2017

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 959,536	\$ 615,340
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	561,301	632,260
Amortization	11,620	11,619
Contributions with donor restrictions for capital campaign	-	(25,000)
Milwaukee County reduction of negotiated rate	-	(43,648)
Recovery of bad debts	-	(3,776)
Change in interest rate swap	(28,244)	(25,238)
Changes in assets and liabilities		
Grants receivable	218,024	175,679
Other accounts receivable	(42,238)	25,546
Pledges receivable	(34,778)	15,933
Prepaid expenses	(65,132)	17,243
Other long-term assets	(33,650)	(9,015)
Accounts payable	88,127	(162,931)
Accrued expenses	(56,768)	(51,784)
Deferred revenue	(488,972)	695,220
Due to Milwaukee County	386,932	(90,599)
Other liabilities	6,268	9,027
Net Cash Flows from Operating Activities	1,482,026	1,785,876
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Decrease in restricted cash	58,415	27,772
Purchases of property and equipment	(609,591)	(202,292)
Net Cash Flows from Investing Activities	(551,176)	(174,520)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on debt	(842,136)	(561,083)
Receipt of capital campaign gifts	-	25,000
Proceeds from issuance of debt	331,000	-
Net Cash Flows from Financing Activities	(511,136)	(536,083)
<b>Net Change in Cash and Cash Equivalents</b>	419,714	1,075,273
CASH AND CASH EQUIVALENTS - Beginning of Year	1,912,105	836,832
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 2,331,819</b>	<b>\$ 1,912,105</b>
Supplemental cash flow disclosures:		
Cash paid for interest	\$ 225,158	\$ 227,229

See accompanying notes to financial statements.

## LA CAUSA, INC.

### STATEMENT OF FUNCTIONAL EXPENSES For the Year Ended December 31, 2018

	Child Development / Prevention	Crisis Nursery	Social Services	Education	Total Program	Information Technology	Supporting Services	Total
Payroll	\$ 859,689	\$ 290,509	\$ 4,655,352	\$ 4,058,979	\$ 9,864,529	\$ 200,148	\$ 1,102,496	\$ 11,167,173
Fringe benefits	140,676	61,312	662,614	623,221	1,487,823	37,806	256,059	1,781,688
Payroll taxes	69,369	22,992	370,984	320,333	783,678	15,357	75,634	874,669
Total payroll, taxes and fringes	1,069,734	374,813	5,688,950	5,002,533	12,136,030	253,311	1,434,189	13,823,530
Telephone, training and travel	16,431	11,371	486,356	76,056	590,214	4,829	68,746	663,789
Supplies	30,076	32,225	61,605	234,795	358,701	1,325	189,549	549,575
Occupancy	65,821	42,376	171,754	406,440	686,391	-	120,249	806,640
Equipment	14,756	3,751	20,504	127,405	166,416	4,633	16,135	187,184
Financing	-	136	107,117	48	107,301	-	103,577	210,878
Other	-	(60)	2,764	4,089	6,793	-	-	6,793
Professional services	1,838	-	549,379	175,716	726,933	1,618	117,487	846,038
Purchased services	157,138	68	117,320	873,036	1,147,562	-	12,118	1,159,680
Depreciation	29,591	31,097	253,399	242,368	556,455	316	4,530	561,301
Allocation of information technology expenses	6,784	3,059	57,622	187,074	254,539	(266,032)	11,493	-
Total Expenses	<u>\$ 1,392,169</u>	<u>\$ 498,836</u>	<u>\$ 7,516,770</u>	<u>\$ 7,329,560</u>	<u>\$ 16,737,335</u>	<u>\$ -</u>	<u>\$ 2,078,073</u>	<u>\$ 18,815,408</u>

See accompanying notes to financial statements.

## LA CAUSA, INC.

### STATEMENT OF FUNCTIONAL EXPENSES For the Year Ended December 31, 2017

	Child Development / Prevention	Crisis Nursery	Social Services	Education	Total Program	Information Technology	Supporting Services	Total
Payroll	\$ 828,971	\$ 292,237	\$ 5,504,302	\$ 4,095,101	\$ 10,720,611	\$ 191,681	\$ 1,048,661	\$ 11,960,953
Fringe benefits	105,297	54,995	823,101	602,919	1,586,312	30,118	244,997	1,861,427
Payroll taxes	<u>65,189</u>	<u>22,917</u>	<u>438,200</u>	<u>323,144</u>	<u>849,450</u>	<u>15,047</u>	<u>74,225</u>	<u>938,722</u>
Total payroll, taxes and fringes	999,457	370,149	6,765,603	5,021,164	13,156,373	236,846	1,367,883	14,761,102
Telephone, training and travel	13,916	13,010	604,073	103,727	734,726	5,481	52,752	792,959
Supplies	41,016	55,163	67,512	171,062	334,753	2,739	109,656	447,148
Occupancy	82,477	36,628	189,976	407,819	716,900	-	105,308	822,208
Equipment	7,497	3,586	60,845	76,438	148,366	4,739	13,296	166,401
Financing	-	98	86,657	235	86,990	-	127,353	214,343
Other	-	148	38,001	763	38,912	-	8,501	47,413
Professional services	3,175	-	613,753	228,357	845,285	2,850	130,588	978,723
Purchased services	177,746	1,815	173,250	861,411	1,214,222	1,105	8,797	1,224,124
Depreciation	38,476	29,785	253,731	301,885	623,877	474	7,909	632,260
Allocation of information technology	<u>6,381</u>	<u>-</u>	<u>56,262</u>	<u>184,598</u>	<u>247,241</u>	<u>(254,234)</u>	<u>6,993</u>	<u>-</u>
Total Expenses	<u>\$ 1,370,141</u>	<u>\$ 510,382</u>	<u>\$ 8,909,663</u>	<u>\$ 7,357,459</u>	<u>\$ 18,147,645</u>	<u>\$ -</u>	<u>\$ 1,939,036</u>	<u>\$ 20,086,681</u>

See accompanying notes to financial statements.

# LA CAUSA, INC.

## NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2018 and 2017

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### **NOTE 1 - Summary of Significant Accounting Policies**

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#### *Nature of Activities*

La Causa, Inc. (the "Organization") is a bilingual multicultural agency committed to children, youth and families. It was organized to operate exclusively for charitable and educational purposes and to develop programs for the care of children and families as well as the social, recreational and cultural development of these families located in Milwaukee County, Wisconsin.

#### *Principles of Presentation*

The accompanying financial statements include the accounts of General Property Systems, LLC, which is currently inactive.

In 2016, the Organization initiated the formation of La Causa Foundation, Inc. (the "Foundation"), which is organized and operated exclusively for charitable, education and scientific purposes within the meaning of those terms as used in sections 501(c)(3) of the Internal Revenue Code of 1986. The sole purpose of the Foundation is to operate for the exclusive benefit of the Organization. The Organization is the sole member of the Foundation. There was no activity relating to the Foundation from 2016 through 2018.

#### *Cash and Cash Equivalents*

The Organization defines cash and cash equivalents as highly liquid, short-term investments with a maturity at the date of acquisition of three months or less.

#### *Grants and Other Accounts Receivable*

The Organization provides an allowance for doubtful accounts equal to the estimated uncollectible amounts. The Organization's estimate is based on historical collection experience and a review of the current status of grants and other accounts receivable. When an account is deemed uncollectible, the account is written off against the allowance. It is reasonably possible that the Organization's estimate of the allowance for doubtful accounts will change. No allowance for doubtful accounts as of December 31, 2018 and 2017 is considered necessary.

#### *Pledges Receivable*

Pledges made to the Organization are recorded in the year the pledge is made. The pledges receivable balance at December 31, 2018 and 2017 is expected to be collected within the next year. The Organization believes all amounts are fully collectible and no allowance is necessary at December 31, 2018 and 2017.

#### *Property and Equipment*

Property and equipment are stated at cost if purchased or fair value at date of the gift if donated. All acquisitions of property and equipment in excess of \$5,000 and all expenditures for improvements and betterments that materially prolong the useful lives of assets are capitalized. Maintenance, repairs, and minor improvements are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income. Depreciation is provided on a straight line basis over the estimated useful lives of the assets.

# LA CAUSA, INC.

## NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2018 and 2017

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### **NOTE 1 - Summary of Significant Accounting Policies** (continued)

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#### *Property and Equipment (continued)*

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service or as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

The Organization has recorded a liability for the conditional asset retirement obligation related to encapsulated asbestos material in its buildings, in accordance with authoritative guidance. A liability of \$81,095 was recorded at December 31, 2018 and 2017.

#### *Impairment of Long-Lived Assets*

The Organization reviews long-lived assets, including property and equipment 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. There have been no impairment losses in 2018 and 2017.

#### *Restricted Cash*

Restricted cash consists of cash restricted or designated for long-term purposes. At December 31, restricted cash consisted of the following:

	<u>2018</u>	<u>2017</u>
Charter School scholarships	\$ 52,592	\$ 98,547
Crisis Nursery expansion	71,501	83,961
Total Restricted Cash	<u>\$ 124,093</u>	<u>\$ 182,508</u>

#### *Deferred Revenue*

Deferred grant revenue consists of cash received from government grants that is not fully earned. The revenue will be recognized in subsequent years when the expenses are incurred. If a funding source requests deferred revenue be returned, the requested amount is shown as due to the specific funding source on the statements of financial position.

Milwaukee County has requested deferred revenue to be returned. The Organization and Milwaukee County have agreed to monthly installment repayment plans, at zero percent interest, on any requests made. As of December 31, 2018 and 2017, the total liability outstanding from all requests from Milwaukee County was \$564,451 and \$177,519 respectively.

# LA CAUSA, INC.

## NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2018 and 2017

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### **NOTE 1 - Summary of Significant Accounting Policies** (continued)

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#### *Deferred Revenue* (continued)

In order to reduce the amount of deferred revenue that would need to be returned to Milwaukee County, the Organization and Milwaukee County entered into a Memorandum of Understanding that reduced the rate the Organization would bill the County for two contracts in 2017 and 2016. During 2016, the amount of the reduction of the negotiated rate was to be first applied to reduce deferred revenue created in 2016 and then to deferred revenue created in previous years. Beginning January 1, 2017, the amount of the reduction of the negotiated rate was to be applied first to any current year deferred revenue only. The Memorandum of Understanding was effectively terminated in February 2017, when the Organization requested the rate be increased to 100% of the County rate for the two contracts.

#### *Net Assets*

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization are classified and reported as follows:

**Net Assets Without Donor Restrictions** - Net assets that are not subject to donor-imposed stipulations.

**Net Assets With Donor Restrictions** - Net assets subject to donor-imposed stipulations that either expire by passage of time, can be fulfilled and removed by actions of the Organization pursuant to those stipulations, or that they be maintained permanently by the Organization.

#### *Board Designated Net Assets*

The Organization's Board of Directors has the ability to designate identified amounts of net assets without restrictions to be used by management for specific future projects or activities. These designations can be modified or removed by the Board of Directors at any time.

#### *Tax-Exempt Status*

The Organization has received notification that it qualifies as a tax-exempt organization under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding provisions of State law and, accordingly, is not subject to federal or state income taxes.

#### *Revenue Recognition*

Contributions, including pledges receivable, are recognized in the period received. Conditional promises are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met.

The Organization reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions.

# LA CAUSA, INC.

## NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2018 and 2017

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### **NOTE 1 - Summary of Significant Accounting Policies** (continued)

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#### *In-Kind Contributions*

Donations of supplies, equipment, rent, and other usable items are recorded at their estimated fair value. During 2018 and 2017, in-kind donations amounted to \$207,091 and \$167,250, respectively, and are reflected in the financial statements.

The Organization uses the services of volunteers when and where appropriate to reduce labor costs, improve community involvement, provide training situations and encourage parental involvement. Volunteer hours utilized in 2018 and 2017 are not reflected in the financial statements as they generally do not require specialized skills.

#### *Expense Allocation*

The financial statements report certain categories of expenses that are attributable to program or supporting functions of the Organization. Expenses that are allocated include salaries and benefits, depreciation, and occupancy costs. Salaries and benefits are allocated based on estimated time and effort. Depreciation and occupancy costs are allocated based on the number of full-time equivalent employees working at the building incurring the costs.

The Organization accumulates information technology costs within its own department and allocate these expenditures back to the relevant individual programs. Information technology is allocated based on number of users assigned per department.

#### *Derivatives*

The Organization follows current authoritative guidance to account for the derivative instrument, an interest rate swap contract. The authoritative guidance requires an organization to recognize all of its derivative instruments as either assets or liabilities in the statements of financial position at fair value. The accounting for changes in the fair value of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and further, whether the hedge is a cash flow or a fair value hedge. See Note 2 and Note 6 for additional interest rate swap agreement disclosures.

The Organization uses a derivative to manage risks related to interest rate movements. The interest rate swap contract was designated and qualified as a cash flow hedge which was reported at fair value. The change in fair value of the derivative is recognized as a change in net assets in the period of change. The Organization documents its risk management strategy and hedge effectiveness at the inception of and during the term of each hedge. It is the policy of the Organization to execute such contracts with creditworthy counterparties. The Organization's interest rate risk management strategy was to stabilize cash flow requirements by maintaining an interest rate swap contract to convert variable rate debt to a fixed rate. The Organization does not use derivatives for trading or speculative purposes.

#### *Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

# LA CAUSA, INC.

## NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2018 and 2017

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### NOTE 1 - Summary of Significant Accounting Policies (continued)

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#### *Reclassification*

For comparability, certain 2017 amounts have been reclassified to conform with classifications adopted in 2018. The reclassifications have no effect on reported amounts of net assets or change in net assets.

#### *Liquidity and Availability*

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general operating expenditures, liabilities and other obligations come due. To help manage unanticipated liquidity needs, the Organization has a line of credit with availability of \$750,000, as discussed in Note 7.

The Organization's financial assets available within one year of the statements of financial position date for general expenditure such as operating expenses, scheduled principal payments on debt, and capitalized costs not financed with debt as as follow:

Cash and cash equivalents	\$ 2,331,819
Grants receivable	1,144,159
Other accounts receivable	78,744
Pledges receivable	<u>51,354</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,606,076</u>

#### *Adopted Accounting Pronouncements*

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for Profit Entities*. The Organization adopted ASU No. 2016-14 in 2018 and has applied the changes retrospectively to all periods presented, except for the disclosures around liquidity and availability of resources. This disclosure has been presented for 2018 only, as allowed by ASU No. 2016-14. The new standard changes the following aspects of the financial statements:

- The unrestricted net asset class has been renamed net assets without donor restrictions
- The temporarily and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions
- The financial statements include a disclosure about liquidity and availability of resources (Note 1)
- Expenses within the statements of functional expenses were reclassified to apply the clarified guidance

## LA CAUSA, INC.

### NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2018 and 2017

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#### **NOTE 1 - Summary of Significant Accounting Policies** (continued)

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##### *Recent Accounting Pronouncements*

In May 2014, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU No. 2014-09 establishes principles for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services. Additional updates defer the effective date of ASU No. 2014-09, clarify the implementation guidance on principal versus agent considerations, clarify the identification of performance obligations and the licensing implementation guidance and affect other narrow aspects of Topic 606. Topic 606 (as amended) is effective for annual periods beginning after December 15, 2018 (2019). The changes may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of initial application. Management is currently assessing the effect that Topic 606 (as amended) will have on its financial statements.

In June 2018, FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new guidance is intended to clarify and improve accounting guidance for contributions received and contributions made. The amendments in ASU No. 2018-08 should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. ASU No. 2018-08 is effective for contributions received during annual periods beginning after December 15, 2018 (2019) and contributions made during annual periods beginning after December 15, 2019 (2020). Management is currently assessing the effect that ASU No. 2018-08 will have on its financial statements.

In November 2016, FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. This standard will require cash flow statements to explain the change during a reporting period of the totals for cash, cash equivalents, restricted cash, and restricted cash equivalents. Amounts reported as restricted cash should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The update also includes a requirement that the footnotes to the financial statements explain the nature of the restrictions. The Organization will be required to apply the standard for annual periods beginning after December 15, 2018 (2019). Early adoption will be permitted and the standard should be applied retrospectively upon adoption. Management is currently assessing the effect that ASU No. 2016-18 will have on its financial statements.

In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)* that amends the treatment for leases. The new accounting model for leases capitalizes all leases greater than twelve months, both capital and operating, as assets and liabilities on the statement of financial position. For not-for-profit entities that have issued, or are a conduit bond obligor for, securities that are traded, listed or quoted on an exchange or an over-the-counter market, ASU No. 2016-02 (as amended) is effective for annual periods beginning after December 15, 2018 (2019). All other entities will be required to apply the standard for annual periods beginning after December 15, 2019 (2020). Early adoption is permitted. Management is currently assessing the effect that ASU No. 2016-02 will have on its financial statements.

# LA CAUSA, INC.

## NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2018 and 2017

### NOTE 2 - Fair Value Accounting

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.
- Level 2 inputs are observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 inputs are unobservable inputs for the asset or liability.

The following table sets forth by level within the fair value hierarchy the Organization's financial instrument that was accounted for at fair value on a recurring basis as of December 31, 2018:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial Assets				
Interest rate swap	\$ <u>33,426</u>	\$ <u>-</u>	\$ <u>33,426</u>	\$ <u>-</u>

The following table sets forth by level within the fair value hierarchy the Organization's financial instruments that were accounted for at fair value on a recurring basis as of December 31, 2017:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial Assets				
Interest rate swap	\$ <u>5,182</u>	\$ <u>-</u>	\$ <u>5,182</u>	\$ <u>-</u>

The interest rate swap valuation was based on the expected cash flow, maturity date, notional amount, interest rates and risk of non-performance through the duration of the agreement and was considered a level 2 item. See Note 1 and Note 6 for additional interest rate swap agreement disclosures.

## LA CAUSA, INC.

### NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2018 and 2017

#### **NOTE 3 - Property and Equipment**

The major categories of property and equipment at December 31 are summarized as follows:

	Depreciable Lives	2018	2017
Land	N/A	\$ 637,480	\$ 637,480
Buildings and improvements	5-40 yrs.	14,241,150	13,963,872
Vehicles	3-5 yrs.	54,939	54,939
Equipment	3-7 yrs.	2,580,559	2,239,172
Total Property and Equipment		17,514,128	16,895,463
Less: Accumulated depreciation		7,649,587	7,079,212
Net Property and Equipment		\$ 9,864,541	\$ 9,816,251

#### **NOTE 4 - Long-Term Debt**

Long-term debt consists of the following at December 31:

	2018	2017
<p>Note payable, bank, interest rate of LIBOR plus 2.00% (4.35% at December 31, 2018), principal is payable in monthly installments of \$21,390 beginning October 1, 2015, interest is payable monthly, a final payment equal to all unpaid principal and accrued interest is due on August 2020, collateralized by real estate at 735 West Greenfield Avenue, 228-238 West Mitchell Street, 1655 South Second Street, 804 West Greenfield Avenue, 809 West Greenfield Avenue, 1427 South 8th Street, 1313-1315 South 8th Street, and 1319 South 8th Street Milwaukee, Wisconsin. Interest on a portion of the debt has been fixed via the interest rate swap.</p>	\$ 2,520,940	\$ 3,080,954
<p>Note payable, bank, interest rate of daily LIBOR plus 2.50% (approximately 5.00% at December 31, 2018), principal and interest is payable in monthly installments of \$15,514 beginning May 29, 2016, a final payment equal to all unpaid principal and accrued interest is due on April 29, 2021, collateralized by real estate at 5235 North Ironwood Road Glendale, Wisconsin and 1643 South 2nd Street Milwaukee, Wisconsin.</p>	1,946,339	2,056,647

## LA CAUSA, INC.

### NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2018 and 2017

#### **NOTE 4 - Long-Term Debt** (continued)

	2018	2017
Note payable, bank, interest rate of daily LIBOR plus 2.50% (approximately 5.00% at December 31, 2018), principal is payable in monthly installments of \$10,000 beginning December 31, 2016, interest is payable monthly, a final payment equal to all unpaid principal and accrued interest is due on November 30, 2019. The note is collateralized by the same real estate that is collateral on the note payable that matures on August 2020.	\$ 120,000	\$ 240,000
Note payable, bank, interest rate of daily LIBOR plus 2.50% (approximately 5.00% at December 31, 2018), principal is payable in monthly installments of \$9,945 beginning July 15, 2018, interest is payable monthly, a final payment equal to all unpaid principal and accrued interest is due on June 21, 2021. The note is collateralized by the same real estate that is collateral on the note payable that matures on August 2020.	<u>279,186</u>	<u>-</u>
Totals	4,866,465	5,377,601
Less: Current portion	<u>615,135</u>	<u>490,349</u>
Total Long-Term Portion	4,251,330	4,887,252
Debt issuance costs, net of accumulated amortization	<u>(21,940)</u>	<u>(33,560)</u>
Long-Term Portion, net	<u>\$ 4,229,390</u>	<u>\$ 4,853,692</u>

Principal requirements on long-term debt for years ending after December 31, 2018 are as follows:

2019	\$ 615,135
2020	2,512,121
2021	<u>1,739,209</u>
Total	<u>\$ 4,866,465</u>

The Organization is subject to certain restrictions and covenants related to their debt. As of December 31, 2018, the Organization was in compliance with or obtained waivers for all of the established covenants.

Interest charged to expense incurred on the long-term debt, line of credit and capital leases was \$225,158 and \$227,229 for the years ended December 31, 2018 and 2017, respectively, and is included in financing on the statements of functional expenses.

## LA CAUSA, INC.

### NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2018 and 2017

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#### NOTE 5 - Operating Leases

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The Organization has operating lease agreements for the rental of office property and vehicles. Rent expense on the operating leases was \$6,669 and \$12,272 for the years ended December 31, 2018 and 2017, respectively. The Organization also received approximately \$80,000 of donated rent during the years ended December 31, 2018 and 2017.

The following is a schedule of future minimum lease payments under operating leases as of December 31, 2018:

2019	\$	6,600
2020		6,600
2021		<u>1,025</u>
Total	\$	<u>14,225</u>

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#### NOTE 6 - Derivative Financial Instruments and Hedging Activities

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The Organization entered into an interest rate swap contract in 2015 as part of a variable interest loan agreement with a bank on the Organization's term note. The swap ends on August 27, 2020. The fixed rate on the swap is 2.29% at December 31, 2018. The differential between the fixed and variable rates is accrued and paid or refunded as interest rates change and is recorded as a component of interest expense for the loan. The notional amount of the swap agreement declines according to the scheduled principal payments. The fair value of the interest rate swap is reflected as a long-term asset or liability on the statements of financial position. See Note 1 and Note 2 for additional disclosures. The following represents the notional amount hedged, fair value of the interest rate swap outstanding at year end and the amount of exposure or benefit recorded in net assets without donor restrictions as supporting services in the statements of activities.

	Notional Amount	As of December 31 Asset (Liability)	Year Ended December 31 Benefit
2018 Interest rate swap	\$ 2,254,551	\$ 33,426	\$ 28,244
2017 Interest rate swap	\$ 2,789,301	\$ 5,128	\$ 25,238

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#### NOTE 7 - Line of Credit

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The Organization has a line of credit for \$750,000 with PNC Bank. Interest is payable at daily LIBOR plus 2.00% (4.35% at December 31, 2018) and the line expires August 27, 2019. At December 31, 2018 and 2017, the line did not have an outstanding balance. The line of credit is collateralized by the same real estate that is collateral on the note payable that matures on August 2020 (see Note 4).

# LA CAUSA, INC.

## NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2018 and 2017

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### NOTE 8 - Retirement Plans

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#### *Pension plans*

The Organization provides retirement benefits for all eligible employees who have enrolled in a 403(b) retirement savings plan. In 2018 and 2017, the Organization contributed a 25% match or up to 6% of regular salary to those employees participating in the retirement plan totaling \$67,352 and \$67,015, respectively. The Organization did not contribute a discretionary contribution to the plan in 2018 or 2017.

#### *Deferred compensation*

The Organization entered into a deferred compensation plan during 2018, which covers certain employees for payments to be made upon death, disability, retirement and other contractual provisions. The Organization has recorded a liability of \$26,157 as of December 31, 2018 related to this plan. The amount represents the present value of the payments due to the participants and estimated other plan costs. Amounts owed in fulfillment of certain contract requirements are presented as accrued expenses on the statements of financial position. Deferred compensation expense and other contractual expenses related to the plans were \$26,157 in 2018, and is included in supporting services on the statements of activities.

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### NOTE 9 - Net Assets

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Net assets with donor restrictions at December 31 are composed of:

	2018	2017
Time restricted	\$ 93,574	\$ 60,550
Charter School scholarships	52,592	98,547
Capital campaign - Crisis Nursery	71,501	83,961
Totals	<u>\$ 217,667</u>	<u>\$ 243,058</u>

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### NOTE 10 - Concentrations

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The majority of the government grants and fees for services revenue on the statements of activities are from federal, state, and local government contracts in 2018 and 2017. The receivables from government contracts amounted to \$1,133,453 and \$1,346,520 at December 31, 2018 and 2017, respectively.

The Organization maintains cash balances in an institution which exceeds the federally insured limit of \$250,000. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

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### NOTE 11 - Commitments and Contingencies

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#### *Financial Awards From Grantors*

Financial awards from federal, state and local governments in the form of grants are subject to special audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this time.

## LA CAUSA, INC.

### NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2018 and 2017

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#### **NOTE 12 - Litigation**

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The Organization is party to various legal actions that are incidental to its activities. The outcome of legal actions directly involving the Organization cannot be predicted with certainty. Management believes that the outcome of any of the ongoing proceedings, or all of them combined, will not have a material adverse effect on its financial position or activities.

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#### **NOTE 13 - Subsequent Events**

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The Organization has evaluated subsequent events through May 1, 2019, which is the date that the financial statements were issued.

**OTHER INDEPENDENT AUDITORS' REPORTS**

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 AUDITORS' REPORT

Board of Directors  
La Causa, Inc.  
Milwaukee, 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 La Causa, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 1, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 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 the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not 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.

*Baker Tilly Virchow Krause, LLP*

Milwaukee, Wisconsin  
May 1, 2019

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

INDEPENDENT AUDITORS' REPORT

Board of Directors  
La Causa, Inc.  
Milwaukee, Wisconsin

**Report on Compliance for Each Major Federal and Major State Program**

We have audited La Causa, Inc.'s (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *State Single Audit Guidelines* that could have a direct and material effect on each of the Organization's major federal and major state programs for the year ended December 31, 2018. The Organization's major federal and major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

***Auditors' Responsibility***

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

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

### ***Opinion on Each Major Federal and Major State Program***

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and major state programs for the year ended December 31, 2018.

### **Report on Internal Control Over Compliance**

Management of the Organization 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 the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the Guidelines, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the 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.

### **Purpose of this Report**

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

*Baker Tilly Virchow Krause, LLP*

Milwaukee, Wisconsin  
May 1, 2019

## **SUPPLEMENTAL INFORMATION**

**LA CAUSA, INC.**

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
For the Year Ended December 31, 2018

<u>Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantor's Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Agriculture:</b>			
Passed through Wisconsin Department of Public Instruction			
Child and Adult Care Food Program	10.558	Unavailable	\$ 116,714
Passed through Milwaukee Public Schools			
Child and Adult Care Food Program	10.558	Unavailable	<u>33,032</u>
Total Child and Adult Care Food Program			<u>149,746</u>
Passed through Milwaukee Public Schools			
School Breakfast Program	10.553	Unavailable	198,191
National School Lunch Program	10.555	Unavailable	<u>429,414</u>
Total Child Nutrition Cluster			<u>627,605</u>
Total U.S. Department of Agriculture			<u>777,351</u>
<b>U.S. Department of Health and Human Services:</b>			
Passed through United Way of Greater Milwaukee and Waukesha County			
Teen Pregnancy Prevention Program	93.297	Unavailable	<u>27,150</u>
Passed through Milwaukee County Department of Human Services			
Re-Entry Coordination Services	93.558	Unavailable	1,025
Wiser Choices Treatment Services	93.558	Unavailable	3,373
Passed through Wisconsin Department of Children and Families			
State Crisis Nursery	93.558	Unavailable	<u>192,129</u>
Total TANF Cluster			<u>196,527</u>
Passed through Milwaukee County Department of Human Services			
Wiser Choices Treatment Services	93.667	Unavailable	5,902
Re-Entry Coordination Services	93.667	Unavailable	<u>1,824</u>
Total Social Services Block Grant			<u>7,726</u>
Passed through Milwaukee County Department of Human Services			
Targeted Case Management	93.778	Unavailable	656,430
Recovery Support Coordination	93.778	Unavailable	745,577
Comprehensive Community Services	93.778	Unavailable	581,950

See accompanying notes to schedules of expenditures of federal and state awards.

**LA CAUSA, INC.**

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (continued)  
For the Year Ended December 31, 2018

<u>Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantor's Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Health and Human Services (continued):</b>			
Passed through Wraparound Milwaukee			
Core Program	93.778	Unavailable	\$ 345,254
CCS CORE/CCS Youth	93.778	Unavailable	304,888
Transitional Services	93.778	Unavailable	272,626
Wraparound	93.778	Unavailable	1,662,267
Wraparound - Expansion	93.778	Unavailable	1,495,896
Wraparound - Performance Case Rate	93.778	Unavailable	39,000
Wraparound - Technical Assistance	93.778	Unavailable	98,692
Wraparound - Treatment Foster Homes	93.778	Unavailable	575,020
Wraparound - Treatment Services	93.778	Unavailable	7,930
Total Medicaid Cluster			<u>6,785,530</u>
Passed through Milwaukee County			
Department of Human Services			
Children's Court Case Management	93.645	40-11531-400	<u>22</u>
Passed through Next Door Foundation			
Early Headstart	93.600	Unavailable	<u>275,265</u>
Passed through Wisconsin Department of Children and Families			
Treatment Foster Homes	93.658	Unavailable	346,851
Passed through Milwaukee County			
Department of Human Services			
Children's Court Case Management	93.658	40-11531-400	<u>39</u>
Total Foster Care Title IV-E			<u>346,890</u>
Total U.S. Department of Health and Human Services			<u>7,639,110</u>
<b>U.S. Department of Housing and Urban Development:</b>			
Passed through City of Milwaukee			
Community Development Block Grant	14.218	C1511B025	<u>24,060</u>
Total CDBG - Entitlement Grants Cluster			24,060
Federal Emergency Shelter	14.231	C15111S007	<u>43,631</u>
Total U.S. Department of Housing and Urban Development			<u>67,691</u>

See accompanying notes to schedules of expenditures of federal and state awards.

**LA CAUSA, INC.**

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (concluded)  
For the Year Ended December 31, 2018

<u>Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantor's Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Education:</b>			
Passed through Wisconsin Department of Public Instruction State CLC	84.287	15-40-3619/CLC7	\$ 25,503
Passed through Milwaukee Public Schools MPS - Title I	84.010	Unavailable	405,794
MPS - Title III	84.365	Unavailable	<u>5,536</u>
Total U.S. Department of Education			<u>436,833</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 8,920,985</u>
<u>Grantor/Pass Through Grantor/Program Title</u>	<u>State ID Number</u>	<u>Pass Through Grantor's Number</u>	<u>State Expenditures</u>
<b>Wisconsin Department of Children and Families:</b>			
Passed through Various Agencies Treatment Services	435.570150	Unavailable	\$ 36,830
Passed through Milwaukee County Department of Human Services Children's Court Case Management	437.3413	40-11531-400	<u>2,439</u>
Total Wisconsin Department of Children and Families			<u>39,269</u>
<b>Wisconsin Department of Health Services:</b>			
Passed through Milwaukee County Department of Human Services Re-Entry Coordination Services	435.561000	Unavailable	3,697
Wiser Choices Treatment Services	435.561000	Unavailable	11,804
Passed through Milwaukee County Department of Disability Services WATTS Reviews	435.561000	Unavailable	<u>54,950</u>
Total Wisconsin Department of Health Services			<u>70,451</u>
<b>Wisconsin Department of Public Instruction:</b>			
Passed through Milwaukee Public Schools SAGE	255.504000	Unavailable	<u>701,009</u>
<b>Total Expenditures of State Awards</b>			<u>\$ 810,729</u>

See accompanying notes to schedules of expenditures of federal and state awards.

## LA CAUSA, INC.

### NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2018

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#### *Basis of Presentation*

The accompanying schedule of expenditures of federal and state awards (the "Schedule") include the federal and state grant activity of La Causa, Inc. (the "Organization") under programs of the federal and state government for the year ended December 31, 2018. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines*. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

#### *Summary of Significant Accounting Policies*

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where applicable.

Wisconsin Department of Workforce Development child care assistance direct payments are not included on the Schedule due to the funding not being subject to the Uniform Guidance. These direct payments totaling \$1,316,403 are included in government grants on the statements of activities.

#### *Indirect Cost Rate*

The Organization has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

#### *Charter School*

The Organization earned \$6,613,361 of revenue from the Non-Instrumentality Charter School. The grant received from Milwaukee Public Schools could not be confirmed by the funding source as being either federal or state monies and was, therefore, not included in the Schedule. These monies are reflected as fees for service on the statements of activities.

#### *Reserve Supplemental Schedules*

Included in deferred revenue on the statements of financial position are the amounts due to purchaser reflected on the reserve supplemental schedules. Management intends to use the amount recorded in deferred revenue to provide program services in future years.

The Organization has been contacted by certain funding sources to settle excess reserves. Any unpaid amounts are recorded as separate payables on the statements of financial position.

#### *Subrecipients*

The Organization did not have any subrecipient expenditures for the year ended December 31, 2018.

**LA CAUSA, INC.**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended December 31, 2018

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

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ yes           X           no

Significant deficiency(ies) identified? \_\_\_\_\_ yes           X           none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes           X           no

**Federal and State Awards**

Internal control over major federal and major state programs:

Material weakness(es) identified? \_\_\_\_\_ yes           X           no

Significant deficiency(ies) identified? \_\_\_\_\_ yes           X           none reported

Type of auditors' report issued on compliance for major federal and major state programs:

Unmodified

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

Identification of major programs:

CFDA Number(s):

Name of Federal Program

93.778

Medicaid Cluster (also tested as a major state program)

CFDA / State ID Number(s):

Name of State Program

93.600

Headstart

93.658

Foster Care - Title IV-E

Dollar threshold used to distinguish between Type A and Type B programs

Federal Program

\$750,000

State Single Audit

Guidelines Program

\$250,000

Auditee qualified as low-risk auditee for federal and state? \_\_\_\_\_ yes           X           no

**LA CAUSA, INC.**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)  
For the Year Ended December 31, 2018

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**Section II: Financial Statement Findings**

There were no findings.

**Section III: Federal and State Findings and Questioned Costs**

There were no findings or questioned costs.

**LA CAUSA, INC.**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (concluded)  
For the Year Ended December 31, 2018

**Section IV: Other Issues**

Does the auditors' report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? \_\_\_\_\_ yes        X   no

Does the audit report show audit issues (i.e. material non-compliance, non-material non-compliance, questioned costs, material weaknesses, significant deficiencies, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:

Department of Children and Families	<u>  X  </u>	yes	<u>      </u>	no
Department of Health Services	<u>  X  </u>	yes	<u>      </u>	no
Department of Public Instruction	<u>  X  </u>	yes	<u>      </u>	no

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

Name and signature of partner

  
\_\_\_\_\_  
Krista K. Pankop, CPA

Date of the report

May 1, 2019

**LA CAUSA, INC.**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
For the Year Ended December 31, 2018

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The prior year single audit disclosed no findings, and therefore, no uncorrected or unresolved findings exist from prior single audits.

## LA CAUSA, INC.

### SCHEDULE OF REVENUE AND ALLOWABLE COSTS BY PROGRAM For the Year Ended December 31, 2018

	Child Development/ Prevention	Crisis Nursery	Social Services	Education	Program Total	Supporting Services	Total
<b>PUBLIC SUPPORT</b>							
Government grants	\$ 1,729,132	\$ 290,920	\$ 7,810,881	\$ 1,817,662	\$ 11,648,595	\$ -	\$ 11,648,595
United Way	48,773	35,663	-	-	84,436	-	84,436
Donations	5,681	176,872	366	69,701	252,620	202,051	454,671
Special events without donor restrictions	613	82,119	-	51,553	134,285	80,291	214,576
Total Public Support	<u>1,784,199</u>	<u>585,574</u>	<u>7,811,247</u>	<u>1,938,916</u>	<u>12,119,936</u>	<u>282,342</u>	<u>12,402,278</u>
<b>REVENUE</b>							
Private pay clients	178,998	-	-	-	178,998	-	178,998
Fees for services	-	-	365,890	6,664,717	7,030,607	-	7,030,607
Miscellaneous	-	-	532	-	532	162,529	163,061
Total Revenue	<u>178,998</u>	<u>-</u>	<u>366,422</u>	<u>6,664,717</u>	<u>7,210,137</u>	<u>162,529</u>	<u>7,372,666</u>
Total Public Support and Revenue	<u>1,963,197</u>	<u>585,574</u>	<u>8,177,669</u>	<u>8,603,633</u>	<u>19,330,073</u>	<u>444,871</u>	<u>19,774,944</u>
<b>EXPENSES</b>							
Payroll, taxes and fringe benefits	1,069,734	374,813	5,688,950	5,002,533	12,136,030	1,687,500	13,823,530
Operations	170,138	31,078	821,720	1,113,139	2,136,075	208,915	2,344,990
Office and occupancy	115,922	58,789	695,079	784,446	1,654,236	431,351	2,085,587
Depreciation	29,591	31,097	253,399	242,368	556,455	4,846	561,301
Allocation of supporting services	237,369	89,797	851,840	855,206	2,034,212	(2,034,212)	-
Total Expenses	<u>1,622,754</u>	<u>585,574</u>	<u>8,310,988</u>	<u>7,997,692</u>	<u>18,517,008</u>	<u>298,400</u>	<u>18,815,408</u>
Less: Disallowed costs	22	-	15,004	3,715	18,741	62,701	81,442
Total Allowable Expenses	<u>1,622,732</u>	<u>585,574</u>	<u>8,295,984</u>	<u>7,993,977</u>	<u>18,498,267</u>	<u>235,699</u>	<u>18,733,966</u>
NET REVENUES (EXPENSES)	<u>\$ 340,465</u>	<u>\$ -</u>	<u>\$ (118,315)</u>	<u>\$ 609,656</u>	<u>\$ 831,806</u>	<u>\$ 209,172</u>	<u>\$ 1,040,978</u>

## LA CAUSA, INC.

### SCHEDULE OF REVENUE AND ALLOWABLE COSTS BY MILWAUKEE COUNTY CONTRACT For the Year Ended December 31, 2018

	Care Coordination Wraparound Milwaukee	Targeted Case Management	Recovery Support Coordination	Preservation Specialist	Treatment Services	Treatment Foster Home
<b>PUBLIC SUPPORT</b>						
Milwaukee County fee for service	\$ 3,821,589	\$ 656,430	\$ 745,577	\$ -	\$ 120,790	\$ 577,520
Milwaukee County cost reimbursement	71,467	-	-	98,692	-	-
State of Wisconsin	-	-	-	-	-	336,119
Kenosha County	-	-	-	-	-	10,732
Other	-	40	-	-	39,650	-
<b>Total Public Support</b>	<u>3,893,056</u>	<u>656,470</u>	<u>745,577</u>	<u>98,692</u>	<u>160,440</u>	<u>924,371</u>
<b>EXPENSES</b>						
Payroll, taxes and fringe benefits	2,751,615	499,717	528,879	88,062	285,050	423,639
Purchased services	364,451	46,485	51,542	1,949	25,292	55,500
Professional services	4,288	253	-	-	6,189	338,788
Telephone	67,983	8,083	10,941	245	3,656	6,569
Rental fees	3,034	-	-	-	240	421
Staff training and conferences	6,290	24	-	-	1,141	1,113
Depreciation	143,483	3,823	27,070	-	9,429	19,527
Allocation of supporting services	399,813	70,184	72,197	8,436	46,537	57,380
Other	79,917	-	11,998	-	6,263	8,989
Disallowed costs	1,719	-	328	-	183	235
<b>Total Expenses</b>	<u>3,822,593</u>	<u>628,569</u>	<u>702,955</u>	<u>98,692</u>	<u>383,980</u>	<u>912,161</u>
Less: Disallowed costs	1,719	-	328	-	183	235
<b>Total Allowable Expenses</b>	<u>3,820,874</u>	<u>628,569</u>	<u>702,627</u>	<u>98,692</u>	<u>383,797</u>	<u>911,926</u>
<b>NET REVENUES (EXPENSES)</b>	<u>\$ 72,182</u>	<u>\$ 27,901</u>	<u>\$ 42,950</u>	<u>\$ -</u>	<u>\$ (223,357)</u>	<u>\$ 12,445</u>
Units of service, if applicable	117,107	141,818	N/A	N/A	N/A	N/A

**LA CAUSA, INC.**

**SCHEDULE OF REVENUE AND ALLOWABLE COSTS BY MILWAUKEE COUNTY CONTRACT (CONCLUDED)**  
For the Year Ended December 31, 2018

	CLASP	Peer Run Drop-In Center	Comprehensive Community Services Youth	Mobile Crisis Team Expansion	Comprehensive Community Services	Total
<b>PUBLIC SUPPORT</b>						
Milwaukee County fee for service	\$ -	\$ -	\$ 304,887	\$ -	\$ 581,950	\$ 6,808,743
Milwaukee County cost reimbursement	256,553	176,904	-	212,275	-	815,891
State of Wisconsin	-	-	-	-	-	336,119
Kenosha County	-	-	-	-	-	10,732
Other	164,241	-	-	-	-	203,931
<b>Total Public Support</b>	<u>420,794</u>	<u>176,904</u>	<u>304,887</u>	<u>212,275</u>	<u>581,950</u>	<u>8,175,416</u>
<b>EXPENSES</b>						
Payroll, taxes and fringe benefits	307,653	111,133	210,315	15,533	467,354	5,688,950
Purchased services	36,481	31,564	36,977	429	46,178	696,848
Professional services	3,782	5,885	-	188,238	1,300	548,723
Telephone	7,360	3,814	1,071	417	13,760	123,899
Rental fees	-	-	-	-	-	3,695
Staff training and conferences	4,482	962	973	-	1,180	16,165
Depreciation	3,823	3,823	-	-	26,680	237,658
Allocation of supporting services	58,494	14,815	29,560	7,831	86,593	851,840
Other	-	5,342	5,746	-	14,790	133,045
Disallowed costs	11	5,686	164	1,205	634	10,165
<b>Total Expenses</b>	<u>422,086</u>	<u>183,024</u>	<u>284,806</u>	<u>213,653</u>	<u>658,469</u>	<u>8,310,988</u>
Less: Disallowed costs	11	5,686	164	1,205	634	10,165
<b>Total Allowable Expenses</b>	<u>422,075</u>	<u>177,338</u>	<u>284,642</u>	<u>212,448</u>	<u>657,835</u>	<u>8,300,823</u>
<b>NET REVENUES (EXPENSES)</b>	<u>\$ (1,281)</u>	<u>\$ (434)</u>	<u>\$ 20,245</u>	<u>\$ (173)</u>	<u>\$ (75,885)</u>	<u>\$ (125,407)</u>
Units of service, if applicable	N/A	N/A	3,618	N/A	21,628	N/A

## LA CAUSA, INC.

### LA CAUSA CHARTER SCHOOL - MPS BRIDGING SCHEDULE For the Year Ended December 31, 2018

	<u>January 1 through June 30, 2018</u>		<u>July 1 through December 31, 2018</u>		<u>Total</u>
	Milwaukee		Milwaukee		
	<u>Public Schools</u>	<u>Other Sources</u>	<u>Public Schools</u>	<u>Other Sources</u>	
<b>PUBLIC SUPPORT AND REVENUE</b>					
MPS - Non-Instrumentality					
Charter contract	\$ 3,705,494	\$ -	\$ 2,907,867	\$ -	\$ 6,613,361
MPS - Other revenue	-	621,615	-	508,512	1,130,127
Other public support and revenue	-	520,223	-	339,922	860,145
Total Public Support and Revenue	<u>3,705,494</u>	<u>1,141,838</u>	<u>2,907,867</u>	<u>848,434</u>	<u>8,603,633</u>
<b>EXPENSES</b>					
Payroll	1,902,685	556,899	1,190,268	396,938	4,046,790
Fringe benefits	267,989	71,877	221,381	61,973	623,220
Payroll taxes	149,776	48,410	92,279	28,974	319,439
Total payroll, taxes and fringes	2,320,450	677,186	1,503,928	487,885	4,989,449
Administrative	28,680	10,436	34,986	1,928	76,030
Fundraising	-	833	-	2,264	3,097
Supplies	92,822	19,669	107,203	12,481	232,175
Occupancy	208,914	276	197,190	-	406,380
Equipment	77,284	16,136	28,350	5,636	127,406
Financing	-	-	9	39	48
Other	-	(296)	-	3,963	3,667
Professional services	92,203	1,380	85,686	4,764	184,033
Purchased services	144,814	330,490	114,190	288,339	877,833
Total	2,965,167	1,056,110	2,071,542	807,299	6,900,118
Depreciation	108,824	12,987	109,076	11,481	242,368
Allocation of supporting services	437,182	-	418,024	-	855,206
Total Expenses	<u>3,511,173</u>	<u>1,069,097</u>	<u>2,598,642</u>	<u>818,780</u>	<u>7,997,692</u>
NET MPS REVENUES	<u>\$ 194,321</u>	<u>\$ 72,741</u>	<u>\$ 309,225</u>	<u>\$ 29,654</u>	<u>\$ 605,941</u>

**LA CAUSA, INC.**

RESERVE SUPPLEMENTAL SCHEDULE  
For the Year Ended December 31, 2018

Program: Care Coordination Wraparound Milwaukee

1. Total units of service	117,107
2. Allowable expenses for rate-based service	\$ 3,749,407
3. Total revenue for rate-based service	\$ 3,821,589
4. Excess (deficiency) revenue over expenses	\$ 72,182
5. Calculation of reserve and amounts due to purchaser	\$ -

Purchaser (5a)	Revenue from Purchaser (5b)	Purchaser's share of total revenue (5c)	Purchaser's share of excess revenue (deficiency) (5d)	Cap on reserve for first test (5e)	Amount due to purchaser from first test (5f)
Milwaukee County	\$ 3,821,589	100.00 %	\$ 72,182	\$ 191,079	\$ -
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
<b>Total 2018 Activity</b>	<b>\$ 3,821,589</b>	<b>100.00 %</b>	<b>\$ 72,182</b>	<b>\$ 191,079</b>	<b>\$ -</b>

Allowable expenses for rate-based service differs from the Schedule of Revenue and Allowable Costs by Milwaukee County Contract by \$71,467 as the Organization earned that amount as part of an expense reimbursement award and therefore, expenses were reduced by the same amount.

**LA CAUSA, INC.**

RESERVE SUPPLEMENTAL SCHEDULE  
For the Year Ended December 31, 2018

Program: Treatment Services

1. Total units of service	Not applicable
2. Allowable expenses for rate-based service	\$ 383,797
3. Total revenue for rate-based service	\$ 120,790
4. Excess (deficiency) revenue over expenses	\$ (263,007)
5. Calculation of reserve and amounts due to purchaser	\$ -

Purchaser (5a)	Revenue from Purchaser (5b)	Purchaser's share of total revenue (5c)	Purchaser's share of excess revenue (deficiency) (5d)	Cap on reserve for first test (5e)	Amount due to purchaser from first test (5f)
Milwaukee County - Wraparound	\$ 7,930	6.57 %	\$ (17,268)	\$ 397	\$ -
Milwaukee County - Wiser Choice	21,079	17.45	(45,897)	1,054	-
CCS	4,159	3.44	(9,055)	208	-
WATTS	54,950	45.49	(119,648)	2,748	-
Other	32,672	27.05	(71,139)	1,634	-
	-	-	-	-	-
	-	-	-	-	-
<b>Total 2018 Activity</b>	<b>\$ 120,790</b>	<b>100.00 %</b>	<b>\$ (263,007)</b>	<b>\$ 6,041</b>	<b>\$ -</b>

## LA CAUSA, INC.

### RESERVE SUPPLEMENTAL SCHEDULE For the Year Ended December 31, 2018

Program: Treatment Foster Homes

1. Total units of service	Not applicable
2. Allowable expenses for rate-based service	\$ 911,926
3. Total revenue for rate-based service	\$ 924,371
4. Excess (deficiency) revenue over expenses	\$ 12,445
5. Calculation of reserve and amounts due to purchaser	\$ -

Purchaser (5a)	Revenue from Purchaser (5b)	Purchaser's share of total revenue (5c)	Purchaser's share of excess revenue (deficiency) (5d)	Cap on reserve for first test (5e)	Amount due to purchaser from first test (5f)
Milwaukee County	\$ 577,520	62.48 %	\$ 7,776	\$ 28,876	\$ -
State of Wisconsin	336,119	36.36	4,525	16,806	-
Kenosha County	10,732	1.16	144	537	-
	-	-	-	-	-
<b>Total 2018 Activity</b>	<b>\$ 924,371</b>	<b>100.00 %</b>	<b>\$ 12,445</b>	<b>\$ 46,219</b>	<b>\$ -</b>

**LA CAUSA, INC.**

RESERVE SUPPLEMENTAL SCHEDULE  
For the Year Ended December 31, 2018

Program: Recovery Support - Coordination

1. Total units of service	Not applicable
2. Allowable expenses for rate-based service	\$ 702,627
3. Total revenue for rate-based service	\$ 858,994
4. Excess (deficiency) revenue over expenses	\$ 156,367
5. Calculation of reserve and amounts due to purchaser	\$ 113,417

Purchaser (5a)	Revenue from Purchaser (5b)	Purchaser's share of total revenue (5c)	Purchaser's share of excess revenue (deficiency) (5d)	Cap on reserve for first test (5e)	Amount due to purchaser from first test (5f)
Milwaukee County	\$ 858,994	100.00 %	\$ 156,367	\$ 42,950	\$ 113,417
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
<b>Total 2018 Activity</b>	<b>\$ 858,994</b>	<b>100.00 %</b>	<b>\$ 156,367</b>	<b>\$ 42,950</b>	<b>\$ 113,417</b>

**LA CAUSA, INC.**

RESERVE SUPPLEMENTAL SCHEDULE  
For the Year Ended December 31, 2018

Program: CCS Youth Services

1. Total units of service	3,618
2. Allowable expenses for rate-based service	\$ 284,642
3. Total revenue for rate-based service	\$ 404,904
4. Excess (deficiency) revenue over expenses	\$ 120,262
5. Calculation of reserve and amounts due to purchaser	\$ 100,017

Purchaser (5a)	Revenue from Purchaser (5b)	Purchaser's share of total revenue (5c)	Purchaser's share of excess revenue (deficiency) (5d)	Cap on reserve for first test (5e)	Amount due to purchaser from first test (5f)
Milwaukee County	\$ 404,904	100.00 %	\$ 120,262	\$ 20,245	\$ 100,017
	-	-	-	-	-
<b>Total 2018 Activity</b>	<b>\$ 404,904</b>	<b>100.00 %</b>	<b>\$ 120,262</b>	<b>\$ 20,245</b>	<b>\$ 100,017</b>

**LA CAUSA, INC.**

RESERVE SUPPLEMENTAL SCHEDULE  
For the Year Ended December 31, 2018

Program: Comprehensive Community Services

1. Total units of service	21,628
2. Allowable expenses for rate-based service	\$ 657,835
3. Total revenue for rate-based service	\$ 581,950
4. Excess (deficiency) revenue over expenses	\$ (75,885)
5. Calculation of reserve and amounts due to purchaser	\$ -

Purchaser (5a)	Revenue from Purchaser (5b)	Purchaser's share of total revenue (5c)	Purchaser's share of excess revenue (deficiency) (5d)	Cap on reserve for first test (5e)	Amount due to purchaser from first test (5f)
Milwaukee County	\$ 581,950	100.00 %	\$ (75,885)	\$ 29,098	\$ -
	-	-	-	-	-
<b>Total 2018 Activity</b>	<b>\$ 581,950</b>	<b>100.00 %</b>	<b>\$ (75,885)</b>	<b>\$ 29,098</b>	<b>\$ -</b>

**LA CAUSA, INC.**

RESERVE SUPPLEMENTAL SCHEDULE  
For the Year Ended December 31, 2018

Program: Targeted Case Management

1. Total units of service	141,818
2. Allowable expenses for rate-based service	\$ 628,569
3. Total revenue for rate-based service	\$ 656,430
4. Excess (deficiency) revenue over expenses	\$ 27,861
5. Calculation of reserve and amounts due to purchaser	\$ -

Purchaser (5a)	Revenue from Purchaser (5b)	Purchaser's share of total revenue (5c)	Purchaser's share of excess revenue (deficiency) (5d)	Cap on reserve for first test (5e)	Amount due to purchaser from first test (5f)
Milwaukee County TCM	\$ 656,430	100.00 %	\$ 27,861	\$ 32,822	\$ -
	-	-	-	-	-
<b>Total 2018 Activity</b>	<b>\$ 656,430</b>	<b>100.00 %</b>	<b>\$ 27,861</b>	<b>\$ 32,822</b>	<b>\$ -</b>