



**THE WISCONSIN PARTNERSHIP
FOR HOUSING DEVELOPMENT, INC.**

**CONSOLIDATED FINANCIAL STATEMENTS
WITH CONSOLIDATING INFORMATION**

December 31, 2014 and 2013

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Wisconsin Partnership for Housing Development, Inc.
Madison, Wisconsin

We have audited the accompanying consolidated financial statements of The Wisconsin Partnership for Housing Development, Inc., which comprise the consolidated statements of financial position as of December 31, 2014 and 2013, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Wisconsin Partnership for Housing Development, Inc. as of December 31, 2014 and 2013, 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.

Report on Consolidating Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules of financial position and activities are presented for purposes

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of additional analysis of the consolidated financial statements rather than to present the financial position and changes in net assets of the individual entities, and they are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Wegner CPAs LLP

Wegner CPAs, LLP
Madison, Wisconsin
April 3, 2015

THE WISCONSIN PARTNERSHIP FOR HOUSING DEVELOPMENT, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2014 and 2013

	2014	2013
ASSETS		
CURRENT ASSETS		
Cash	\$ 347,408	\$ 234,219
Grants receivable	78,577	64,725
Accounts receivable	120,894	139,287
Prepaid expenses	11,374	10,007
Security deposits	2,370	2,370
Total current assets	560,623	450,608
OTHER ASSETS		
Investment in Uplands Homes, LLC	200,000	200,000
Investment	500	500
Construction in progress	927,224	680,116
Notes receivable - net	318,626	374,630
Property and equipment - net	562,953	500
Total other assets	2,009,303	1,255,746
Total assets	\$ 2,569,926	\$ 1,706,354
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 107,178	\$ 103,028
Accrued payroll and related expenses	17,677	16,383
Deferred loans - net	213,231	239,123
Unearned revenue	3,155	421
Security deposits	5,250	-
Notes payable - current portion	5,347	139,483
Construction loans payable - current portion	25,750	465,806
Total current liabilities	377,588	964,244
Notes payable less current portion	102,669	-
Construction loans payable less current portion	1,419,804	173,378
Total long-term liabilities	1,522,473	173,378
Total liabilities	1,900,061	1,137,622
Minority interests	89,839	89,888
NET ASSETS		
Unrestricted net deficit	(80,726)	(86,680)
Temporarily restricted net assets	660,752	565,524
Total net assets	580,026	478,844
Total liabilities and net assets	\$ 2,569,926	\$ 1,706,354

See accompanying notes.

THE WISCONSIN PARTNERSHIP FOR HOUSING DEVELOPMENT, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
Years ended December 31, 2014 and 2013

	2014	2013
UNRESTRICTED NET DEFICIT		
SUPPORT AND REVENUE		
Grants	\$ 326,424	\$ 408,771
Housing sales	204,649	615,464
Consulting programs	434,260	518,934
Downpayment Plus program	148,075	159,425
Financing programs	4,768	64,245
Loan forgiveness	-	164,378
Rental income	10,500	-
Interest income	6,630	6,258
	<u>1,135,306</u>	<u>1,937,475</u>
EXPENSES AND LOSSES		
Personnel	366,059	409,755
Contractual	77,673	72,962
Travel and professional development	27,785	34,923
Occupancy	36,710	35,052
Office and administration	28,711	24,751
Equipment maintenance and services	7,213	2,349
Cost of goods sold	733,359	1,671,264
Selling and administrative	32,814	56,092
	<u>1,310,324</u>	<u>2,307,148</u>
NET ASSETS RELEASED FROM RESTRICTIONS		
Satisfaction of program restrictions	180,924	531,227
	<u>180,924</u>	<u>531,227</u>
Change in unrestricted net deficit before minority interests	5,906	161,554
Minority interests in subsidiaries' (gains) losses	49	(37,835)
	<u>5,955</u>	<u>123,719</u>
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	276,151	404,136
Net assets released from restrictions		
Satisfaction of program restrictions	(180,924)	(531,227)
	<u>95,227</u>	<u>(127,091)</u>
Change in temporarily restricted net assets	95,227	(127,091)
Change in net assets	101,182	(3,372)
Net assets - beginning of year	478,844	539,432
Member distributions	-	(57,216)
	<u>-</u>	<u>(57,216)</u>
Net assets - end of year	<u>\$ 580,026</u>	<u>\$ 478,844</u>

See accompanying notes.

THE WISCONSIN PARTNERSHIP FOR HOUSING DEVELOPMENT, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 101,182	\$ (3,372)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Loan forgiveness of notes receivable	37,619	23,554
Loan forgiveness of accounts payable	-	(52,769)
Loan forgiveness of construction loans payable	-	(111,609)
Minority interests in subsidiaries' gains (losses)	(49)	37,835
Depreciation	447	-
(Increase) decrease in assets		
Grants receivable	(13,852)	72,749
Accounts receivable	18,393	16,321
Prepaid expenses	(1,367)	2,338
Increase (decrease) in liabilities		
Accounts payable	4,150	(171,174)
Accrued payroll and related expenses	1,294	1,936
Accrued vacation and personal leave	-	(2,067)
Unearned revenue	2,734	(22,400)
Securty deposits	5,250	-
Net cash flows from operating activities	155,801	(208,658)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of construction in progress	547,381	1,218,614
Payments for construction in progress	(600,102)	(623,226)
Repayment of notes receivable	52,646	45,828
Net cash flows from investing activities	(75)	641,216
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on construction loans payable	(301,970)	(854,311)
Proceeds from construction loans payable	338,793	381,800
Repayment of deferred loans	(47,892)	(63,567)
Payments on notes payable	(31,468)	-
Proceeds from notes payable	-	30,000
Member distributions	-	(57,216)
Net cash flows from financing activities	(42,537)	(563,294)
Net change in cash	113,189	(130,736)
Cash - beginning of year	234,219	364,955
Cash - end of year	<u>\$ 347,408</u>	<u>\$ 234,219</u>

See accompanying notes.

THE WISCONSIN PARTNERSHIP FOR HOUSING DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014 and 2013

The Wisconsin Partnership for Housing Development, Inc. (WPHD) was organized as a nonprofit corporation in 1985 to provide technical assistance and development financing to nonprofit community-based organizations working to revitalize neighborhoods and expand housing opportunities for lower-income people in Wisconsin. The corporate purposes on which WPHD's application for tax-exempt status was also based on acting as a co-developer with other developers and the development of mixed-income housing. In addition to those activities, WPHD provides technical assistance and consulting services to state and local governments as well as nonprofit and for-profit developers and nonprofit providers of other housing-related services and programs, provides technical and financial assistance to nonprofit and public agencies that provide services to lower-income home buyers, manages a statewide program to provide down payment assistance to lower-income home buyers, manages the federal HOME funds for a four-county consortium, manages a loan servicing program for a consortium of lending institutions, and has provided technical assistance, purchasing and rehabilitating homes under a rental program, and consulting services in other states. WPHD's support and revenue is from federal and state government grants, grants from foundations and other philanthropic sources, consulting fees, development and management fees, and property sales. WPHD and subsidiaries include the following (see Note 13 for complete details):

Neighborhood Builders, LLC is a for-profit limited liability company formed in 2001. Neighborhood Builders, LLC is a majority owner of Uplands Village, LLC and a minority owner of Uplands Homes, LLC. Neighborhood Builders, LLC is wholly owned by WPHD.

Uplands Village, LLC (Village) is a for-profit limited liability company formed in 2001 to buy sites, build infrastructure, sell improved lots to Uplands Homes, LLC, and build and sell homes to owner-occupants. Neighborhood Builders, LLC owns 90% and two unrelated third parties each own 5% of Village.

Uplands Homes, LLC (Homes) is a for-profit limited liability company formed in 2001 to develop and own a 40-unit tax credit rental housing project. In 2001, Neighborhood Builders owned 90% and two unrelated third parties each owned 5% of Homes. In June 2002, equity investors were admitted to the partnership as tax credit partners. As of December 31, 2014 and 2013, the equity investors own 99.99%, Neighborhood Builders owns .0051%, and two unrelated third parties each own .00245% of Homes.

Community Partnership Solutions, LLC (CPS) was a for-profit limited liability company formed in 2011 to identify opportunities for and to develop low-income housing projects. WPHD owned 33⅓% and two other unrelated parties each owned 33⅓%. CPS dissolved in 2013.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

WPHD reports information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets—Net assets that are not restricted by donors. Designations are voluntary board-approved segregations of unrestricted net assets for specific purposes, projects, or investments.

Temporarily restricted net assets—Net assets whose use has been limited by donor-imposed time restrictions or purpose restrictions.

Permanently restricted net assets—Net assets that have been restricted by donors to be maintained by WPHD in perpetuity.

THE WISCONSIN PARTNERSHIP FOR HOUSING DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Principles of Consolidation

The consolidated financial statements include the accounts of WPHD and its wholly owned subsidiary, Neighborhood Builders, LLC, and its 90% owned subsidiary, Uplands Village, LLC. The consolidated financial statements also include the accounts of Community Partnership Solutions, LLC (CPS). CPS was consolidated since WPHD had a controlling general partnership interest in CPS. All material intra-entity transactions have been eliminated.

Accounts Receivable

WPHD considers all accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts has been developed. If amounts become uncollectible they will be charged to operations when that determination is made.

Property and Equipment

Acquisitions of property and equipment in excess of \$2,500 are capitalized. Property and equipment are carried at cost or, if donated, at fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Rental property	40 years
Equipment	3-5 years
Furniture and fixtures	5-7 years

Grant Awards/Unearned Revenue

Grants are recorded as invoiced to the funding sources. Revenue is recognized in the accounting period when the related expenses are incurred. Amounts received in excess of expenses incurred are reflected as unearned revenue.

Contributions

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions.

Expense Allocation

WPHD has a written cost allocation plan that provides a billable hourly rate for employees based upon their salary and fringe benefits. The hourly rate is used to charge benefiting programs/activities based on each employee's activity report/timesheet. Management estimates that in 2014 and 2013 approximately 80% of its expenses are for program services and 20% of its expenses are for management and general purposes. Immaterial amounts of fundraising expenses are included in management and general expenses.

THE WISCONSIN PARTNERSHIP FOR HOUSING DEVELOPMENT, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 December 31, 2014 and 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

WPHD is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Community Partnership Solutions, Neighborhood Builders, Village, and Homes are limited liability companies. The net income or loss of limited liability companies is passed through and taxed to the owners. The income earned by WPHD from its ownership in the LLC's is in accordance with WPHD's tax-exempt purpose and therefore is not taxable income to WPHD.

Community Partnership Solutions, Village, and Homes' income tax returns are subject to examination by the Internal Revenue Service and the Wisconsin Department of Revenue, generally for three years after they are filed. With few exceptions, Community Partnership Solutions, Village, and Homes are no longer subject to such examinations for years before 2010.

WPHD's federal returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed. With few exceptions, WPHD is no longer subject to such examinations for tax years before 2011.

Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Date of Management's Review

Management has evaluated subsequent events through April 3, 2015, the date which the consolidated financial statements were available to be issued.

NOTE 2 – CONCENTRATION OF CREDIT RISK

WPHD maintains cash balances at several financial institutions in Madison, Wisconsin. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. WPHD's uninsured cash balances total approximately \$52,000 at December 31, 2014.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at December 31 consists of the following:

	2014	2013
Uplands Homes, LLC	\$ 116,086	\$ 136,391
Other	4,808	2,896
Accounts receivable	\$ 120,894	\$ 139,287

THE WISCONSIN PARTNERSHIP FOR HOUSING DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 4 – GRANTS RECEIVABLE

Grants receivable at December 31 consists of funds due from:

	<u>2014</u>	<u>2013</u>
Waukesha County HOME/CDBG	\$ 46,815	\$ 6,332
City of Janesville	-	7,600
Minnesota Housing Partnership	5,547	42,786
Rock County	10,195	-
St. Vincent de Paul	13,540	-
Other	2,480	8,007
	<u>\$ 78,577</u>	<u>\$ 64,725</u>

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment at December 31 consists of the following:

	<u>2014</u>	<u>2013</u>
Rental properties	\$ 562,900	\$ -
Furniture and fixtures	8,462	8,462
Office equipment	8,774	8,774
Computer equipment	5,689	5,689
Land	500	500
	<u>586,325</u>	<u>23,425</u>
Property and equipment	586,325	23,425
Less accumulated depreciation	23,372	22,925
	<u>\$ 562,953</u>	<u>\$ 500</u>

NOTE 6 – CONSTRUCTION IN PROGRESS

WPHD, through its wholly owned subsidiary, Neighborhood Builders, LLC, completed a housing project, Uplands Village, LLC (Village). Neighborhood Builders, LLC owns 90% of Village. WPHD is also in the process developing a housing project, Oak Glen. Construction and development costs of the project were \$132,433 and \$286,216 at December 31, 2014 and 2013. See Note 13 for additional information related to the development projects.

WPHD began purchasing homes under the Neighborhood Stabilization Program during 2009. Acquisition and rehabilitation costs have been treated as construction in progress and total \$292,299 and \$170,171 at December 31, 2014 and 2013.

WPHD began purchasing and rehabilitating homes under a lease to purchase contract during 2013. Acquisition and rehabilitation costs have been treated as construction in progress and total \$502,492 and \$223,729 at December 31, 2014 and 2013.

THE WISCONSIN PARTNERSHIP FOR HOUSING DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 7 – NOTES RECEIVABLE

WPHD signed an agreement in 2008 with lending institutions in the Four County Lender Consortium along with Waukesha, Jefferson, Ozaukee, and Washington Counties. Waukesha County acts as the lead agent for this agreement and developed an Interest Buydown Housing Rehabilitation Loan Program to assist low and moderate income homeowners who reside in the four counties with an opportunity to obtain loan funds to repair or improve their homes. In 2008, WPHD took over the servicing of the loans in this program, and as a result has notes receivable from various homeowners totaling \$7,979 (net of \$34,000 allowance for uncollectible amounts) and \$26,704 (net of \$56,000 allowance for uncollectible amounts) as of December 31, 2014 and 2013, due at various dates through 2017.

WPHD began acquiring, rehabilitating, and reselling foreclosed homes under the Neighborhood Stabilization Program during 2009. When homes are sold to qualified households, a portion of the NSP funds are passed on to the household as down payment assistance that is forgiven over five or more years. Notes receivable from various homeowners was \$231,487 and \$264,301 as of December 31, 2014 and 2013.

WPHD began providing down payment assistance loans to qualified households through the state of Wisconsin Housing Cost Reduction Initiative (HCRI) program during 2013. Funds are forgiven over a five year period. Notes receivable from various homeowners was \$79,161 and \$83,625 at December 31, 2014 and 2013.

NOTE 8 – NOTES PAYABLE

WPHD has two notes payable with BMO Harris Bank that are secured by the general business assets of WPHD. The notes payable are due June 12, 2017. The outstanding balances on the notes payable were \$108,015 and \$139,483 at December 31, 2014 and 2013. Future maturities are \$2,990, \$3,102, and \$101,923 for 2015, 2016, and 2017.

NOTE 9 – DEFERRED LOANS

In 2002, Bank Mutual received a grant of \$200,000 of Affordable Housing Program funds from the Federal Home Loan Bank of Chicago, and granted those funds to WPHD. The funds are to be used by WPHD for rental housing for eligible participants. The funds may be recaptured by Bank Mutual if the funds do not continue to be used for 15 years from the date received for rental housing for eligible participants.

Also included in deferred loans are amounts due to lending institutions for the notes receivable that WPHD is servicing (see Note 7). Loan payments are made by the homeowner to WPHD, who in turn makes payments to the various lending institutions after taking an administrative fee. Deferred loans in this program totaled \$13,231 (net of \$34,000 allowance for uncollectible amounts) and \$39,123 (net of \$56,000 allowance for uncollectible amounts) as of December 31, 2014 and 2013.

THE WISCONSIN PARTNERSHIP FOR HOUSING DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 10 – CONSTRUCTION LOANS PAYABLE

Construction loans payable at December 31 consists of the following:

	2014	2013
Note payable to BMO Harris Bank with 5% interest. The principal due was paid in full on May 8, 2014.	\$ -	\$ 124,561
Note payable to BMO Harris Bank with 4.04% interest. Monthly principal and interest payments are due until the final due date of June 12, 2017 at which time the outstanding principal balance is due in full. The note is secured by land located at 4809 Freese Lane.	123,639	127,324
Note payable to City of Madison Community Development Block Grant Office with no stated interest rate. The note is due upon sale of units to eligible owners. The note is secured by a property at 4809 Freese Lane.	173,378	173,378
Note payable to Forward Community Investments with interest at 3.25%. Monthly principal and interest payments are due until the final due date of June 1, 2016, at which time the outstanding principal balance is due in full. The note is secured by a mortgage on two properties.	225,154	213,921
Note payable to Forward Community Investments with interest at 4.5%. Monthly principal and interest payments are due until the final due date of February 18, 2016, at which time the outstanding principal balance is due in full. The note is secured by a mortgage on three properties.	95,831	-
Note payable to Forward Community Investments with interest at 4.5%. Monthly principal and interest payments are due until the final due date of February 18, 2019, at which time the outstanding principal balance is due in full. The note is secured by a mortgage on two properties.	170,424	-
Note payable to Forward Community Investments with interest at 5%. Monthly principal and interest payments are due until the final due date of May 9, 2018, at which time the outstanding principal balance is due in full. The note is secured by a mortgage on one property.	124,783	-

THE WISCONSIN PARTNERSHIP FOR HOUSING DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 13 – RELATED PARTIES/SUBSIDIARIES

WPHD has various wholly owned and majority-owned subsidiaries. The subsidiaries are formed for specific purposes and are consolidated in these consolidated financial statements. The subsidiaries are explained separately.

Community Partnership Solutions, LLC

Community Partnership Solutions, LLC (CPS) was a for-profit limited liability company formed in 2011 to identify opportunities for and to develop low-income housing projects. WPHD owned 33⅓% and two other unrelated parties each owned 33⅓%. This LLC was dissolved in 2013.

Neighborhood Builders, LLC

During 2001, WPHD formed Neighborhood Builders, LLC to be the managing member of Uplands Village, LLC (Village) and Uplands Homes, LLC (Homes). Village and Homes will be constructing units, which include townhouses, single-family homes, duplexes, and tax credit apartments and rehabilitating one existing single-family home for sale. Village will also be selling developed lots to other builders. Neighborhood Builders, LLC is wholly owned by WPHD.

Uplands Village, LLC

Uplands Village, LLC (Village) was formed on December 20, 2001 to construct, market, and sell owner-occupied dwellings and to own, market, and sell one existing single-family dwelling on Village land. Village will also be selling developed lots to other builders. The new construction units will consist of a variety of two, three, and four-bedroom options and will consist of a combination of single-family, duplex, and townhouses, including 33 Set Aside Dwellings. A Set Aside Dwelling is a dwelling that is purchased by a household with an income at or below 80% of County Median Income. Neighborhood Builders, LLC owns 90% of Village. Two unrelated third parties each own 5%.

The minority owners contributed \$115,800 to Village during 2001, which represents the minority owners' cost of the investment. Neighborhood Builders, LLC contributed \$25,000 to Village during 2002.

WPHD is serving as the developer of the Village project. WPHD received a developer fee on the accomplishment of various criteria (see Note 16).

Uplands Homes, LLC

Uplands Homes, LLC (Homes) was formed on December 20, 2001 to develop a 40-unit residential rental project that qualifies for low-income housing tax credits under Section 42 of the Internal Revenue Code of 1986. In June 2002, equity investors purchased 99.99% ownership in Homes. Neighborhood Builders, LLC owns .0051%, and two unrelated third parties own .00245% each.

WPHD is serving as the developer of Homes. WPHD received a developer fee of \$589,000 on the accomplishment of various criteria (see Note 16). The minority owners contributed \$200 to Homes during 2001, which represents the minority owners' cost of the investment.

THE WISCONSIN PARTNERSHIP FOR HOUSING DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 14 – OPERATING LEASES

WPHD leases various facilities for operation of its programs. Occupancy expense was \$47,194 and \$45,639 for 2014 and 2013. WPHD extended their office space lease through May 2019.

Future minimum lease payments on leases having non-cancelable terms beyond December 31:

2015	\$ 37,031
2016	37,772
2017	38,527
2018	39,298
2019	<u>16,509</u>
Total	<u>\$ 169,137</u>

NOTE 15 – COMMITMENTS AND CONTINGENCIES

WPHD entered into a construction contract related to the Oak Glen development project. The first contract amounts to \$1.75 million for site development and construction of sixteen units. The project is ongoing and is dependent on sales of existing units. To date \$751,492 has been paid.

During 2014, WPHD entered into construction contracts related to the Neighborhood Stabilization Program development projects. The contracts amount to \$237,582 for the rehabilitation of three units. The project is ongoing. To date \$180,816 has been paid.

During 2014, WPHD entered into construction contracts related to the Lease-Purchase Program development projects. The contracts amount to \$104,650 for the new construction and rehabilitation of two units. The project is ongoing. To date \$35,418 has been paid.

During 2014, WPHD entered into a construction contract related to the Rental Program development projects. The contract amounts to \$83,910 for the rehabilitation of a two-unit building. The project is ongoing. To date, \$0 has been paid.

NOTE 16 – DEVELOPMENT FEE AGREEMENTS

WPHD is serving as the developer for Uplands Homes, LLC (Homes) and Uplands Village, LLC (Village).

Uplands Village, LLC

The development agreement between WPHD and Village provides that the development fee is earned based upon completion of certain events in the development process such as completion of budgets and plans for the site and homes, closing on construction financing and acquisition of the site, and receipt of certificates of occupancy for the homes. However, receipt by WPHD of the development fee is contingent not only upon those events but also upon other events such as securing construction financing for the sale homes, sale of the homes and repayment of the construction financing. The availability of funds to pay the fee is also contingent upon events such as sale of the homes at budgeted prices within the planned time frame and costs of construction remaining within budgeted levels. Payment of the majority of the development fee for the Village may be deferred until all other financial obligations of the project have been met

THE WISCONSIN PARTNERSHIP FOR HOUSING DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 16 – DEVELOPMENT FEE AGREEMENTS (continued)

Uplands Homes, LLC

At December 31, 2004, the development fees were earned by WPHD, recorded as revenue on WPHD's general ledger, and received from Homes. The final payment (the deferred development fee) of \$76,870 was to be paid from cash flow of Homes no later than December 31, 2013. As of December 31, 2014, Homes has paid WPHD the deferred development fee in full.

NOTE 17 – CONSOLIDATED STATEMENTS OF CASH FLOWS

Supplemental disclosures to the consolidated statements of cash flows at December 31, 2014 and 2013 are as follows:

	2014	2013
Interest paid and capitalized	\$ 13,244	\$ 25,127
Noncash investing and financing transaction:		
Notes receivable acquired	(12,261)	(120,524)
Construction in progress sold	12,261	120,524
Construction in progress acquired with construction loans payable	206,647	-
Rental properties acquired with construction loans payable	562,900	-

THE WISCONSIN PARTNERSHIP FOR HOUSING DEVELOPMENT, INC.
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
December 31, 2014

ASSETS	Wisconsin Partnership	Neighborhood Builders
CURRENT ASSETS		
Cash	\$ 347,408	\$ -
Grants receivable	78,577	-
Accounts receivable	120,894	100
Prepaid expenses	4,555	-
Security deposits	2,370	-
Total current assets	553,804	100
OTHER ASSETS		
Investment in Uplands Homes, LLC	-	200,000
Investment	500	-
Investment in Uplands Village, LLC	-	25,000
Investment in Neighborhood Builders	225,100	-
Construction in progress	927,224	-
Notes receivable - net	318,626	-
Property and equipment - net	562,953	-
Total other assets	2,034,403	225,000
Total assets	\$ 2,588,207	\$ 225,100
LIABILITIES AND NET ASSETS AND MEMBERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 102,148	\$ -
Accrued payroll and related expenses	17,677	-
Deferred loans - net	213,231	-
Unearned revenue	3,155	-
Security deposits	5,250	-
Notes payable - current portion	5,347	-
Construction loans payable - current portion	25,750	-
Total current liabilities	372,558	-
Notes payable less current portion	102,669	-
Construction loans payable less current portion	1,419,804	-
Total long-term liabilities	1,522,473	-
Total liabilities	1,895,031	-
Minority interests	-	-
NET ASSETS AND MEMBERS' EQUITY		
Unrestricted	32,424	-
Temporarily restricted	660,752	-
Members' equity	-	225,100
Total net assets and members' equity	693,176	225,100
Total liabilities and net assets and members' equity	\$ 2,588,207	\$ 225,100

Uplands Village	Totals	Eliminations	Consolidated Balance
\$ -	\$ 347,408	\$ -	\$ 347,408
-	78,577	-	78,577
-	120,994	(100)	120,894
6,819	11,374	-	11,374
-	2,370	-	2,370
6,819	560,723	(100)	560,623
-	200,000	-	200,000
-	500	-	500
-	25,000	(25,000)	-
-	225,100	(225,100)	-
-	927,224	-	927,224
-	318,626	-	318,626
-	562,953	-	562,953
-	2,259,403	(250,100)	2,009,303
<u>\$ 6,819</u>	<u>\$ 2,820,126</u>	<u>\$ (250,200)</u>	<u>\$ 2,569,926</u>
\$ 5,030	\$ 107,178	\$ -	\$ 107,178
-	17,677	-	17,677
-	213,231	-	213,231
-	3,155	-	3,155
-	5,250	-	5,250
-	5,347	-	5,347
-	25,750	-	25,750
5,030	377,588	-	377,588
-	102,669	-	102,669
-	1,419,804	-	1,419,804
-	1,522,473	-	1,522,473
5,030	1,900,061	-	1,900,061
89,839	89,839	-	89,839
-	32,424	(113,150)	(80,726)
-	660,752	-	660,752
(88,050)	137,050	(137,050)	-
(88,050)	830,226	(250,200)	580,026
<u>\$ 6,819</u>	<u>\$ 2,820,126</u>	<u>\$ (250,200)</u>	<u>\$ 2,569,926</u>

THE WISCONSIN PARTNERSHIP FOR HOUSING DEVELOPMENT, INC.
CONSOLIDATING SCHEDULE OF ACTIVITIES
Year ended December 31, 2014

	Wisconsin Partnership	Neighborhood Builders
UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUE		
Grants	\$ 326,924	\$ -
Housing sales	204,649	-
Consulting programs	434,260	-
Downpayment Plus program	148,075	-
Financing programs	4,768	-
Rental income	10,500	-
Interest income	6,630	-
Total unrestricted support and revenue	1,135,806	-
EXPENSES AND LOSSES		
Personnel	366,059	-
Contractual	77,673	-
Travel and professional development	27,785	-
Occupancy	36,710	-
Office and administration	28,711	-
Equipment maintenance and services	7,213	-
Cost of goods sold	733,371	-
Selling and administrative	32,814	-
Total expenses and losses	1,310,336	-
NET ASSETS RELEASED FROM RESTRICTIONS		
Satisfaction of program restrictions	180,924	-
Change in unrestricted net assets before minority interests	6,394	-
Minority interests in subsidiaries' gains	-	-
Change in unrestricted net assets	6,394	-
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	276,151	-
Net assets released from restrictions		
Satisfaction of program restrictions	(180,924)	-
Change in temporarily restricted net assets	95,227	-
Change in net assets	101,621	-
Net assets and members' equity - beginning of year	591,555	225,100
Net assets and members' equity - end of year	<u>\$ 693,176</u>	<u>\$ 225,100</u>

Uplands Village	Totals	Eliminations	Consolidated Balance
\$ -	\$ 326,924	\$ (500)	\$ 326,424
-	204,649	-	204,649
-	434,260	-	434,260
-	148,075	-	148,075
1,811	6,579	(1,811)	4,768
-	10,500	-	10,500
-	6,630	-	6,630
1,811	1,137,617	(2,311)	1,135,306
-	366,059	-	366,059
-	77,673	-	77,673
-	27,785	-	27,785
-	36,710	-	36,710
-	28,711	-	28,711
-	7,213	-	7,213
2,299	735,670	(2,311)	733,359
-	32,814	-	32,814
2,299	1,312,635	(2,311)	1,310,324
-	180,924	-	180,924
(488)	5,906	-	5,906
49	49	-	49
(439)	5,955	-	5,955
-	276,151	-	276,151
-	(180,924)	-	(180,924)
-	95,227	-	95,227
(439)	101,182	-	101,182
(87,611)	729,044	(250,200)	478,844
<u>\$ (88,050)</u>	<u>\$ 830,226</u>	<u>\$ (250,200)</u>	<u>\$ 580,026</u>