

LIFE NAVIGATORS, INC.
Milwaukee, Wisconsin

Audited Financial Statements

Year Ended December 31, 2016

(With Summarized Totals for the
Year Ended December 31, 2015)

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 2
Statements of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 14
Schedule of Program Revenues and Expenses	15 - 16
Settlement of DHS Cost Reimbursement Award	17 - 18
Guardianship Reserve Supplemental Schedule	19
Court Comprehensive Evaluations Reserve Supplemental Schedule	20
Independent Auditors' 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 and the Wisconsin DHS Audit Guide	21 - 22
Schedule of Expenditures of Federal and State Awards	23
Notes to Schedule of Expenditures of Federal and State Awards	24
Summary Schedule of Prior Audit Findings	25
Schedule of Findings and Responses	26 - 27

Thomas G. Wieland
David A. Grotkin
Joel A. Joyce
Brian J. Mechenich



Carrie A. Gindt
Patrick G. Hoffert
Jason J. Wrasse
Joshua T. Bierbach

Independent Auditors' Report

To the Board of Directors
Life Navigators, Inc.
Wauwatosa, Wisconsin

We have audited the accompanying financial statements of Life Navigators, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Life Navigators, Inc. as of December 31, 2016, and the changes in its net assets, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Life Navigators, Inc.'s financial statements, and our report dated April 5, 2016 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Our audit was performed for the purpose of forming an opinion on the financial statements of Life Navigators, Inc. taken as a whole. The accompanying schedule of program revenues and expenses, schedule of expenditures of federal and state awards, settlement of DHS cost reimbursement awards, and reserve supplemental schedules are presented for purposes of additional analysis as required by the *Wisconsin DHS Audit Guide*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the 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 April 13, 2017 on our consideration of Life Navigators, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Life Navigators, Inc.'s internal control over financial reporting and compliance.

April 13, 2017
Milwaukee, Wisconsin

LIFE NAVIGATORS, INC.
Milwaukee, Wisconsin

Statements of Financial Position
December 31, 2016 and 2015

ASSETS

	<u>2016</u>	<u>2015</u>
Current Assets:		
Cash and equivalents	\$ 149,781	\$ 194,197
Investments	944,304	1,131,378
Accounts receivable	149,214	107,531
Pledges receivable	90,000	3,745
Amount held in escrow	329,621	-
Prepaid expenses	4,004	3,533
Total current assets	<u>1,666,924</u>	<u>1,440,384</u>
Property and Equipment:		
Land	44,400	44,400
Building and improvements	428,680	428,680
Construction in progress	896,766	-
Furniture and equipment	75,836	91,714
Less: Accumulated depreciation	(230,796)	(231,735)
Net property and equipment	<u>1,214,886</u>	<u>333,059</u>
Other Assets:		
Earnest money deposit	-	5,000
Greater Milwaukee Foundation investments	157,626	47,703
Total other assets	<u>157,626</u>	<u>52,703</u>
Total assets	<u>\$ 3,039,436</u>	<u>\$ 1,826,146</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable	\$ 61,096	\$ 25,940
Accrued payroll and payroll taxes	54,965	48,246
Accrued vacation	37,670	43,686
Funds held for others	15,225	14,319
Construction loan - current portion	177,271	-
Total current liabilities	<u>346,227</u>	<u>132,191</u>
Long-Term Liabilities:		
Construction loan - net of current portion	422,729	-
Total liabilities	<u>768,956</u>	<u>132,191</u>
Net Assets:		
Unrestricted	2,022,853	1,622,669
Unrestricted - designated	106,731	-
Total unrestricted	<u>2,129,584</u>	<u>1,622,669</u>
Temporarily restricted	140,896	71,286
Total net assets	<u>2,270,480</u>	<u>1,693,955</u>
Total liabilities and net assets	<u>\$ 3,039,436</u>	<u>\$ 1,826,146</u>

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

LIFE NAVIGATORS, INC.
Milwaukee, Wisconsin

Statement of Activities
For the Year Ended December 31, 2016
With Summarized Totals For the Year Ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2016</u>	<u>2015</u>
Support and Revenue:				
Contributions and donations	\$ 119,277	\$ 45,738	\$ 165,015	\$ 176,758
Building expansion contributions	-	451,361	451,361	-
In-kind contributions	27,358	-	27,358	54,957
In-kind contributions - expansion	13,300	-	13,300	-
Legacies and bequests	8,092	-	8,092	13,325
Federated fund-raising	38,666	-	38,666	19,167
Milwaukee County Department of Health & Human Services - grants	260,597	-	260,597	228,993
Milwaukee County Department of Aging - grant	15,075	-	15,075	15,075
Milwaukee County Department of Health & Human Services - guardianship	41,288	-	41,288	34,711
Milwaukee County Department of Aging - guardianship	3,803	-	3,803	5,203
My Choice Family Care - care management	894,438	-	894,438	717,595
Milwaukee County Disability Services Division - court comp. evaluations	26,500	-	26,500	21,000
Milwaukee County Disability Services Division - children's long-term support	8,778	-	8,778	60,344
City of Wauwatosa CDBG - grant	132,700	-	132,700	-
Special Events (gross)	234,435	-	234,435	201,999
Less: Direct Expenses	(83,602)	-	(83,602)	(64,679)
Program service fees	49,727	-	49,727	49,985
Miscellaneous revenue	-	-	-	46
Investment income	34,990	278	35,268	37,880
Realized and unrealized gains (losses)	19,527	3,153	22,680	(50,966)
Satisfaction of restrictions	430,920	(430,920)	-	-
Total support and revenue	2,275,869	69,610	2,345,479	1,521,393
Expenses:				
Program Services:				
Disability Resource Center	120,999	-	120,999	91,841
Advocacy	247,797	-	247,797	226,702
Self-Advocacy Independence Trust Pool	88,853	-	88,853	117,911
Trust Program	82,818	-	82,818	85,045
Guardianship	64,032	-	64,032	64,758
Intergenerational Family Support	31,513	-	31,513	25,308
Care Management Unit	852,587	-	852,587	728,688
Court Comprehensive Evaluations	26,480	-	26,480	25,450
Children's Long-Term Support	19,682	-	19,682	75,245
Total program services	1,534,761	-	1,534,761	1,440,948
Management and general	96,962	-	96,962	94,898
Fund-raising	137,231	-	137,231	138,248
Total expenses	1,768,954	-	1,768,954	1,674,094
Net increase (decrease) in net assets	506,915	69,610	576,525	(152,701)
Net assets at beginning of year	1,622,669	71,286	1,693,955	1,846,656
Net assets at end of year	\$ 2,129,584	\$ 140,896	\$ 2,270,480	\$ 1,693,955

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

LIFE NAVIGATORS, INC.
Milwaukee, Wisconsin

Statement of Functional Expenses
For the Year Ended December 31, 2016
With Summarized Information for the Year Ended December 31, 2015

	<u>Program</u>	<u>Management and General</u>	<u>Fund-raising</u>	<u>Total 2016</u>	<u>2015</u>
Expenses:					
Salaries	\$ 927,304	\$ 71,395	\$ 60,996	\$ 1,059,695	\$ 1,020,806
Employee benefits	135,544	4,833	7,833	148,210	136,095
Payroll tax expense	63,507	6,980	4,197	74,684	73,604
Professional fees	169,717	1,036	25,168	195,921	162,637
Office supplies	6,124	148	333	6,605	6,044
Postage and shipping	10,383	187	364	10,934	11,301
Occupancy	44,279	1,197	2,081	47,557	39,580
Depreciation	13,891	387	661	14,939	16,114
Equipment rental and maintenance	32,072	844	1,454	34,370	14,329
Printing and publications	6,414	55	7,761	14,230	11,036
Travel	34,725	393	1,210	36,328	37,104
Conferences, conventions and meetings	5,852	152	2,748	8,752	9,114
Insurance	11,512	278	477	12,267	9,601
Client support	4,244	-	-	4,244	7,639
Bad debt expense	2,637	-	-	2,637	-
Bank and investment fees	-	2,757	11,151	13,908	16,870
In-kind expense	20,866	-	6,492	27,358	46,355
Interest expense	-	2,097	-	2,097	60
Special projects/expansion	14,455	-	-	14,455	-
Miscellaneous	31,235	4,223	4,305	39,763	55,805
Total functional expenses	<u>1,534,761</u>	<u>96,962</u>	<u>137,231</u>	<u>1,768,954</u>	<u>1,674,094</u>
Administrative allocation	92,689	(96,962)	4,273	-	-
Total expenses after allocation	<u>\$ 1,627,450</u>	<u>\$ -</u>	<u>\$ 141,504</u>	<u>\$ 1,768,954</u>	<u>\$ 1,674,094</u>

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

LIFE NAVIGATORS, INC.
Milwaukee, Wisconsin

Statements of Cash Flows
Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 576,525	\$ (152,701)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	14,939	16,114
Realized and unrealized (gains)/losses	(22,680)	50,966
In-kind contribution of fixed assets	(13,300)	-
Change in assets and liabilities:		
Accounts receivable	(41,683)	12,465
Pledges receivable	(86,255)	(3,745)
Prepaid expenses	(471)	(1,009)
Accounts payable	2,146	(5,298)
Accrued payroll and payroll taxes	6,719	6,139
Accrued vacation	(6,016)	10,192
Funds held for others	906	644
Net cash provided / (used) by operating activities	<u>430,830</u>	<u>(66,233)</u>
Cash Flows from Investing Activities:		
Proceeds from investment sales	351,266	72,144
Purchases of investments	(251,435)	(38,092)
Payment of earnest money	-	(5,000)
Earnest money applied to purchase of capital assets	5,000	-
Purchase of capital assets	(850,456)	(9,493)
Net cash provided / (used) by investing activities	<u>(745,625)</u>	<u>19,559</u>
Cash Flows from Financing Activities:		
Proceeds from line of credit	228,500	30,000
Payments on line of credit	(228,500)	(30,000)
Amount deposited into escrow account	(329,621)	-
Proceeds from construction loan	600,000	-
Net cash provided by financing activities	<u>270,379</u>	<u>-</u>
Net decrease in cash and equivalents	(44,416)	(46,674)
Cash and equivalents at beginning of year	<u>194,197</u>	<u>240,871</u>
Cash and equivalents at end of year	<u>\$ 149,781</u>	<u>\$ 194,197</u>
Supplementary Information:		
Interest paid	\$ 8,137	\$ 60
Interest and loan fees capitalized	8,276	-
Capital asset purchases included in accounts payable	33,010	-

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

LIFE NAVIGATORS, INC.
Milwaukee, Wisconsin

Notes to the Financial Statements
Years Ended December 31, 2016 and 2015

1. Nature of Organization

The mission of Life Navigators, Inc., (“Organization”) a nonprofit organization, is to improve the quality of life for individuals with developmental and related disabilities, their families and the community through information, education, advocacy and life planning programs. Life Navigators, Inc. is supported primarily through donor contributions, program fees and contracts. Approximately 53% and 71% of the Organization’s support for the years ended December 31, 2016 and 2015 came from Milwaukee County contracts, respectively.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of Life Navigators, Inc. have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

Financial statement presentation follows accounting principles generally accepted in the United States of America (“U.S. GAAP”). Under these principles, the Organization is required to report information regarding its financial position and activities according to classes of net assets as follows:

Unrestricted net assets - Unrestricted net assets include unrestricted resources available for the Organization’s operations.

Temporarily restricted net assets - Temporarily restricted net assets include resources which are restricted by the donor. Restrictions are satisfied either by the passage of time or by actions of the Organization. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The Organization had no permanently restricted net assets at December 31, 2016 and 2015.

Cash and Equivalents

The Organization considers all checking and savings accounts and all other highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents, excluding amounts whose use is limited or restricted.

Accounts, Grants and Pledges Receivable

Accounts, grants and pledges receivable are considered fully collectible, therefore no allowance for doubtful accounts is considered necessary. It is the policy of the Organization to write off doubtful amounts directly to expense when deemed uncollectible. All receivables are due within one year of the financial statement date.

Investments

Under U.S. GAAP, investments in marketable securities with readily determinable fair value and all investments in debt securities are valued at their fair value in the statement of financial position. Unrealized gains and losses are included in the change of net assets.

LIFE NAVIGATORS, INC.
Milwaukee, Wisconsin

Notes to the Financial Statements
Years Ended December 31, 2016 and 2015
(Continued)

2. Summary of Significant Accounting Policies (Continued)

Investments (Continued)

U.S. GAAP defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This clarifies that the exchange price is the price in an orderly transaction between market participants to sell an asset or transfer a liability at the measurement date. It emphasizes that fair value is a market-based measurement and not an entity-specific measurement. Adoption of this standard has not had a material impact on the Organization's financial statements. U.S. GAAP establishes a fair value hierarchy that prioritizes the inputs, which are summarized as follows:

Level 1 – Quoted prices in active markets, e.g. NYSE, NASDAQ, etc. for assets identical to the securities to be valued. If a Level 1 input is available, it must be used.

Level 2 – Inputs other than quoted prices that are observable for securities, either directly or indirectly. Examples include matrix pricing utilizing yield curves, prepayment speeds, credit risks, etc.; quoted prices for similar assets in active markets; and inputs derived from observable market data by correlation or other means.

Level 3 – Unobservable inputs, which contain assumptions by the party valuing those assets. For level 3 inputs, there is no market data or correlation with market assumptions. Examples would include limited partnership interests, closely held stock, etc.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Stocks and exchange traded funds: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds: Valued at net asset value of shares held by the Organization at year-end.

Bonds: Valued at net asset value of bond holdings held by the Organization at year-end.

Held in Trust: Valued at the net asset value provided by the trust for investments in held by the trust at year-end.

Property and Equipment

Property and equipment are capitalized at cost or at fair value if donated and depreciated over their estimated useful lives using the straight-line method. The cost and related accumulated depreciation of property and equipment are removed from asset accounts upon disposal. Expenditures for maintenance and repairs are charged to operations as incurred. Interest and fees paid on construction loans during the period of construction are capitalized. This amounted to \$8,276 and \$0 for the years ended December 31, 2016 and 2015, respectively. Depreciation expense for 2016 and 2015 was \$14,939 and \$16,114, respectively. The Organization's policy is to capitalize all property and equipment costing over \$5,000.

Estimates

The preparation of the accompanying financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that directly affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates.

LIFE NAVIGATORS, INC.
Milwaukee, Wisconsin

Notes to the Financial Statements
Years Ended December 31, 2016 and 2015
(Continued)

2. Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Under U.S. GAAP, contributions are recognized as revenues when they are received or unconditionally pledged.

In-Kind Contributions

Contributions of in-kind assets and services are recorded at their fair market value in the period received. These contributions are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. During 2016, the Organization received \$13,300 of donated fixed assets related to the building expansion and \$20,866 of other in-kind donations to support the Organization's programs and \$6,492 of other in-kind donations to support its fundraising function. During 2015, the Organization received \$5,513 of donated IT services, \$3,090 of donated accounting services, \$38,413 of other in-kind donations to support the Organization's programs and \$7,941 of other in-kind donations to support its fundraising function.

Contract Services

Contract services revenue represents grants and contracts with various funding sources. Cost reimbursement contracts recognize revenue in the accounting period when the expenses are incurred. Performance contracts recognize revenue in the accounting period based on the accomplishment of contract objectives without regard for expenditures. Grants and contracts received by the agency remain subject to audit for all years not closed by grantors. In the opinion of management, adequate provision has been made for any adjustments that may result from such audits.

Allocation of Functional Expenses

Functional expenses are allocated to each program based on direct expenditures incurred. Any expenditures not directly chargeable are allocated to the programs based on the (1) appropriate level of employee full-time equivalents worked within that program or (2) square footage available to the applicable program.

Subsequent Events

Management has evaluated subsequent events for possible recognition or disclosure through the date the financial statements were available to be distributed (April 13, 2017). There were no subsequent events that required recognition or disclosure, other than the subsequent event in Note 9.

Income Taxes

Life Navigators, Inc. qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been recorded in the financial statements. Life Navigators, Inc. is not considered to be a private foundation by the IRS.

The Organization has implemented accounting for uncertainty in income taxes in accordance with accounting principles generally accepted in the United States of America. This standard prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and also provides guidance on various related matters such as derecognizing, interest, penalties and disclosures required. The Organization recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense.

LIFE NAVIGATORS, INC.
Milwaukee, Wisconsin

Notes to the Financial Statements
Years Ended December 31, 2016 and 2015
(Continued)

3. Comparative Financial Information

The financial information shown for 2015 in the accompanying financial statements is included to provide a basis of comparison with 2016 and presents summarized totals only. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

4. Investments

The following summarizes the classification of investments by classification and method of valuation in accordance with U.S. GAAP:

<u>Description</u>	Fair Value Measurement at Reporting Date Using			
	<u>12/31/16</u>	<u>Quoted Prices in Active markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Cash held in investment account	\$ 77,388	\$ 77,388	\$ ---	\$ ---
Stocks	366,987	366,987	---	---
Exchange traded funds	13,024	13,024	---	---
Other	11,735	11,735	---	---
Mutual funds:				
Convertibles	30,570	30,570	---	---
Foreign large growth	33,460	33,460	---	---
Large growth	65,439	65,439	---	---
Large value	49,502	49,502	---	---
Mid-cap blend	37,654	37,654	---	---
Small growth	33,729	33,729	---	---
Bonds	224,816	---	224,816	---
Total	\$ 944,304	\$ 719,488	\$ 224,816	\$ ---
Investments held by the Greater Milwaukee Foundation	\$ 157,626	\$ ---	\$ 157,626	\$ ---

LIFE NAVIGATORS, INC.
Milwaukee, Wisconsin

Notes to the Financial Statements
Years Ended December 31, 2016 and 2015
(Continued)

4. Investments (continued)

<u>Description</u>	<u>12/31/15</u>	<u>Quoted Prices in Active markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Cash held in investment account	\$ 5,670	\$ 5,670	\$ ---	\$ ---
Stocks	476,903	476,903	---	---
Exchange traded funds	12,506	12,506	---	---
Mutual funds:				
Bank loan	40,808	40,808	---	---
Convertibles	29,731	29,731	---	---
Fixed income	48,649	48,649	---	---
Foreign large growth	48,050	48,050	---	---
Large growth	87,126	87,126	---	---
Large value	44,726	44,726	---	---
Mid-cap blend	51,636	51,636	---	---
Small growth	27,833	27,833	---	---
Bonds	<u>257,740</u>	<u>---</u>	<u>257,740</u>	<u>---</u>
Total	<u>\$ 1,131,378</u>	<u>\$ 873,638</u>	<u>\$ 257,740</u>	<u>\$ ---</u>
Investments held by the Greater Milwaukee Foundation	<u>\$ 47,703</u>	<u>\$ ---</u>	<u>\$ 47,703</u>	<u>\$ ---</u>

The fair value of Level 2 bonds is measured using quoted market prices for similar assets in active markets. The statement of activities includes \$22,680 in realized and unrealized gains and \$50,966 in realized and unrealized losses for 2016 and 2015, respectively.

The investment objective of the organization is to meet or exceed and absolute total annualized rate of return of 8 – 10%. On an annual basis, approximately 5% of the market value of the investment trust, as determined on June 30 of the previous year, is budgeted toward operating support.

5. Earnest Money Deposit

In 2015, the Organization had an accepted offer to purchase a property adjacent to their current office at a purchase price of \$184,000. The Organization had put a \$5,000 earnest deposit on the property. In 2016, the purchase of the property was completed, and the \$5,000 earnest deposit was used towards the purchase price of the property.

LIFE NAVIGATORS, INC.
Milwaukee, Wisconsin

Notes to the Financial Statements
Years Ended December 31, 2016 and 2015
(Continued)

6. Amounts Held in Escrow

In 2016, the Organization entered into a Loan Escrow Disbursement Agreement with Merit Title for the purpose of disbursing expenses related to the construction project. For the year ended December 31, 2016, the Organization deposited \$956,811 (\$600,000 of which originated from loan proceeds) into the escrow account of which \$627,190 of funds have been disbursed to various vendors and \$329,621 was held in escrow at December 31, 2016.

7. State Unemployment Reserve

The Organization has an irrevocable standby letter of credit as a reserve for state unemployment. The letter of credit expires on December 31, 2020 and has an available balance of \$15,000. As of December 31, 2016 and 2015, there was no outstanding balance on the letter of credit.

8. Employee Retirement Plan

The Organization sponsors a 403(b) savings plan in which Life Navigators, Inc. will match one-half of the employee's voluntary contribution up to six percent of annual compensation for all eligible employees. The Organization's contribution in 2016 and 2015 was \$19,660 and \$19,490, respectively.

9. Construction Loan

During 2016, the Organization agreed to a 5-year construction loan to finance the construction of the property adjacent to their location. The construction loan had a balance of \$600,000 as of December 31, 2016 and is secured by the Organization's investments. The loan has a floating interest rate of 1 month LIBOR + 2.5% for the first 12 months then a fixed rate of 4.10% for the 4 years thereafter.

Payments on the loan are interest-only until September 2017, when the Organization begins making principal and interest payments.

Subsequent to year end, the Organization closed out their amount held in escrow. The remaining balance of \$158,728 was returned to the lender of the construction loan. On the statement of financial position, the \$158,728 is shown as a current portion of the loan.

The following is the minimum principal payment due on the construction loan:

For the Year Ending December 31,	Amount
2017	\$ 177,271
2018	57,170
2019	59,559
2020	62,047
2021	64,640
2022	<u>179,313</u>
Total	\$ <u>600,000</u>

LIFE NAVIGATORS, INC.
Milwaukee, Wisconsin

Notes to the Financial Statements
Years Ended December 31, 2016 and 2015
(Continued)

10. Line of Credit

The Organization has a variable interest rate line of credit in the amount of \$150,000 from Associated Bank to enable it to meet expenses while awaiting grant disbursements. The Organization agreed to secure this line of credit with collateral defined as all business assets of the Organization. The line matures on June 13, 2016 and accrues interest at 1.0 percentage point above index. The line had no balance at December 31, 2016 and 2015 and interest expense of \$2,097 and \$60, respectively.

11. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following:

	<u>2016</u>	<u>2015</u>
Greater Milwaukee Foundation investments	\$ 50,896	\$ 47,703
Contributions restricted for the building expansion	90,000	---
Pooled trust distributions	<u>---</u>	<u>23,583</u>
Total temporarily restricted net assets	<u>\$ 140,896</u>	<u>\$ 71,286</u>

12. Endowment Fund

In December 2015, the Organization's board of directors approved of the Life Navigators Endowment Fund with an initial fund amount of \$100,000. The fund is a general endowment to support the mission of the Organization for years to come. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as board designated unrestricted net assets.

The Life Navigators Endowment Fund is being held at the Greater Milwaukee Foundation. The Organization utilizes the investment policies described in Note 4 when managing the endowment fund. The Organization has no current plans to take a distribution from the endowment fund.

A reconciliation of Life Navigator's endowment activities are as follows:

	<u>Designated</u>
Balance, December 31, 2015	---
Investment income	570
Realized and unrealized gain	7,164
Contributions	100,000
Administration fees	<u>(1,003)</u>
Balance, December 31, 2016	<u>\$ 106,731</u>

13. Greater Milwaukee Foundation Investments

The Organization has adopted U.S. GAAP, which require that if a community foundation accepts a contribution from an Agency and agrees to transfer those assets, the return on investment of those assets or both back to the Agency, then these contributions are presented as a liability (instead of as a net asset) on the financial statements of the community foundation and as an asset on the financial statements of the donor. As a result, assets transferred by the Organization to the Greater Milwaukee Foundation, a community foundation, for which the Organization, as donor, is the beneficiary of the transferred assets, have been reflected on the Organization's statement of financial position as an asset entitled "Greater Milwaukee Foundation Investments." The Board of Trustees of the Greater Milwaukee Foundation shall have the power to modify any restriction or condition on the distribution of funds for any specified charitable purpose or to a specified organization if, in the sole judgment of the Board, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served.

LIFE NAVIGATORS, INC.
Milwaukee, Wisconsin

Notes to the Financial Statements
Years Ended December 31, 2016 and 2015
(Continued)

14. Concentrations

Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. The Organization's bank accounts were insured by the Federal Deposit Insurance Corporation up to \$250,000 as of December 31, 2016. The Organization has never experienced any losses related to these balances.

15. Risks and Uncertainties

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

16. Reclassifications

Certain reclassifications have been made to the 2015 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

LIFE NAVIGATORS, INC.

Milwaukee, Wisconsin

Schedule of Program Revenues and Expenses

For the Year Ended December 31, 2016

With Summarized Information for the Year Ended December 31, 2015

	Disability Resource Center	Advocacy	Self-Advocacy Independence Trust Pool	Trust Program	Guardianship	Intergenerational Family Support	Care Management Unit	Subtotal
Support and revenue:								
Contributions and donations	\$ -	\$ -	\$ 45,738	\$ -	\$ -	\$ -	\$ -	\$ 45,738
In-kind contributions	74	81	20,090	27	30	9	534	20,845
Legacies and bequests	-	-	125	-	-	-	-	125
Milw. County Department of Health & Human Services - grants	124,554	136,043	-	-	-	-	-	260,597
Milw. County Department of Aging - grant	-	-	-	-	-	15,075	-	15,075
Milw. County Department of Health & Human Services - guardianship	-	-	-	-	41,288	-	-	41,288
Milw. County Department of Aging - guardianship	-	-	-	-	3,803	-	-	3,803
My Choice Family Care - care management	-	-	-	-	-	-	894,438	894,438
Program service fees	-	-	-	44,984	4,743	-	-	49,727
Total support and revenue	124,628	136,124	65,953	45,011	49,864	15,084	894,972	1,331,636
Expenses:								
Salaries	-	177,588	37,978	53,752	40,954	20,799	566,918	897,989
Employee benefits	-	25,147	6,796	5,421	6,177	3,899	84,036	131,476
Payroll tax expense	-	12,209	2,704	3,159	2,401	1,524	39,511	61,508
Professional fees	120,925	6,582	6,201	6,069	2,148	945	24,778	167,648
Office supplies	-	972	394	257	260	142	3,936	5,961
Postage and shipping	-	1,249	3,372	463	459	186	4,438	10,167
Occupancy	-	7,745	1,936	2,057	2,076	1,078	28,035	42,927
Depreciation	-	2,457	623	661	661	349	8,716	13,467
Equipment rental and maintenance	-	5,582	1,375	1,501	1,482	772	20,451	31,163
Printing and publications	-	383	556	99	101	57	5,162	6,358
Travel	-	2,072	979	805	3,817	364	25,628	33,665
Conferences, conventions and meetings	-	689	312	1,125	315	119	3,176	5,736
Insurance	-	1,786	458	479	481	251	7,759	11,214
Client support	-	15	3,329	-	706	-	194	4,244
In-kind expense	74	81	20,090	27	30	9	534	20,845
Special projects/expansion	-	-	443	-	590	295	12,685	14,013
Miscellaneous	-	3,240	1,307	6,943	1,374	724	16,630	30,218
Total functional expenses	120,999	247,797	88,853	82,818	64,032	31,513	852,587	1,488,599
Administrative allocation	3,629	15,950	3,800	4,385	4,310	2,261	55,338	89,673
Total expenses after allocation	124,628	263,747	92,653	87,203	68,342	33,774	907,925	1,578,272
Change in net assets	\$ -	\$ (127,623)	\$ (26,700)	\$ (42,192)	\$ (18,478)	\$ (18,690)	\$ (12,953)	\$ (246,636)

See Independent Auditors' Report.

LIFE NAVIGATORS, INC.
Milwaukee, Wisconsin

Schedule of Program Revenues and Expenses

For the Year Ended December 31, 2016

With Summarized Information for the Year Ended December 31, 2015

	Subtotal From Previous Page	Court Comprehensive Evaluations	Children's Long-Term Support	Total Program	Management and General	Fund-raising	Total	2015
Support and revenue:								
Contributions and donations	\$ 45,738	\$ -	\$ -	\$ 45,738	\$ 3,193	\$ 116,084	\$ 165,015	\$ 176,758
Building expansion contributions	-	-	-	-	451,361	-	451,361	-
In-kind contributions	20,845	16	5	20,866	-	6,492	27,358	54,957
In-kind contributions - expansion	-	-	-	-	13,300	-	13,300	-
Legacies and bequests	125	-	-	125	-	7,967	8,092	13,325
Federated fund-raising	-	-	-	-	-	38,666	38,666	19,167
Milw. County Department of Health & Human Services - grants	260,597	-	-	260,597	-	-	260,597	228,993
Milw. County Department of Aging - grant	15,075	-	-	15,075	-	-	15,075	15,075
Milw. County Department of Health & Human Services - guardianship	41,288	-	-	41,288	-	-	41,288	34,711
Milw. County Department of Aging - guardianship	3,803	-	-	3,803	-	-	3,803	5,203
My Choice Family Care - care management	894,438	-	-	894,438	-	-	894,438	717,595
Milw. County Disability Services Division - court comp. evaluations	-	26,500	-	26,500	-	-	26,500	21,000
Milw. County Disability Services Division - children's long-term support	-	-	8,778	8,778	-	-	8,778	60,344
City of Wauwatosa CDGB - grant	-	-	-	-	-	132,700	132,700	-
Special Events (gross)	-	-	-	-	-	234,435	234,435	201,999
Less: Direct expenses	-	-	-	-	-	(83,602)	(83,602)	(64,679)
Program service fees	49,727	-	-	49,727	-	-	49,727	49,985
Miscellaneous revenue	-	-	-	-	-	-	-	46
Investment Income	-	-	-	-	-	35,268	35,268	37,880
Realized and unrealized gains (losses)	-	-	-	-	-	22,680	22,680	(50,966)
Total support and revenue	1,331,636	26,516	8,783	1,366,935	467,854	510,690	2,345,479	1,521,393
Expenses:								
Salaries	897,989	17,762	11,553	927,304	71,395	60,996	1,059,695	1,020,806
Employee benefits	131,476	2,292	1,776	135,544	4,833	7,833	148,210	136,095
Payroll tax expense	61,508	1,097	902	63,507	6,980	4,197	74,684	73,604
Professional fees	167,648	1,597	472	169,717	1,036	25,168	195,921	162,637
Office supplies	5,961	96	67	6,124	148	333	6,605	6,044
Postage and shipping	10,167	130	86	10,383	187	364	10,934	11,301
Occupancy	42,927	796	556	44,279	1,197	2,081	47,557	39,580
Depreciation	13,467	250	174	13,891	387	661	14,939	16,114
Equipment rental and maintenance	31,163	554	355	32,072	844	1,454	34,370	14,329
Printing and publications	6,358	31	25	6,414	55	7,761	14,230	11,036
Travel	33,665	756	304	34,725	393	1,210	36,328	37,104
Conferences, conventions and meetings	5,736	71	45	5,852	152	2,748	8,752	9,114
Insurance	11,214	173	125	11,512	278	477	12,267	9,601
Client support	4,244	-	-	4,244	-	-	4,244	7,639
Bad debt expense	-	-	2,637	2,637	-	-	2,637	-
Bank and investment fees	-	-	-	-	2,757	11,151	13,908	16,870
In-kind expense	20,845	16	5	20,866	-	6,492	27,358	46,355
Interest expense	-	-	-	-	2,097	-	2,097	60
Special projects/expansion	14,013	295	147	14,455	-	-	14,455	-
Miscellaneous	30,218	564	453	31,235	4,223	4,305	39,763	55,805
Total functional expenses	1,488,599	26,480	19,682	1,534,761	96,962	137,231	1,768,954	1,674,094
Administrative allocation	89,673	1,763	1,253	92,689	(96,962)	4,273	-	-
Total expenses after allocation	1,578,272	28,243	20,935	1,627,450	-	141,504	1,768,954	1,674,094
Change in net assets	\$(246,636)	\$(1,727)	\$(12,152)	\$(260,515)	\$467,854	\$369,186	\$576,525	\$(152,701)

See Independent Auditors' Report.

LIFE NAVIGATORS, INC.
Milwaukee, Wisconsin

Advocacy
Settlement of DHS Cost Reimbursement Award
For the Year Ended December 31, 2016

DHS identification number	CARS profile 435.561
Award amount	\$ 136,043
Award period	January 1, 2016 - December 31, 2016
Period of award within audit period	January 1, 2016 - December 31, 2016

A. Expenditures reported to DHS for payment \$ 136,043

B. Total cost of award

Employee Salaries and Wages	177,588
Employee Fringe Benefits	25,147
Payroll Taxes	12,209
Rent or Occupancy	7,745
Professional Services	6,582
Employee Travel	2,072
Conferences, Meetings or Education	689
Supplies	972
Equipment	5,582
Depreciation	2,457
Postage and Shipping	1,249
Insurance	1,786
Printing and Publications	383
Other	3,255
Allocated Administrative Costs	<u>15,950</u>
Total Operating Costs of Award	<u>263,666</u>

C. Less disallowed costs -

D. Less program revenue and other offsets to costs -

E. Total allowable costs \$ 263,666

See Independent Auditors' Report.

LIFE NAVIGATORS, INC.
Milwaukee, Wisconsin

**Community Living Support DRC Implementation
Settlement of DHS Cost Reimbursement Award**
For the Year Ended December 31, 2016

DHS identification number	CARS profile 435.561
Award amount	\$ 200,000
Award period	January 1, 2016 - December 31, 2016
Period of award within audit period	January 1, 2016 - December 31, 2016

A. Expenditures reported to DHS for payment \$ 124,554

B. Total costs of award

Professional Services	120,925
Allocated Administrative Costs	<u>3,629</u>
Total Operating Costs of Award	<u>124,554</u>

C. Less disallowed costs -

D. Less program revenue and other offsets to costs -

E. Total allowable costs \$ 124,554

See Independent Auditors' Report.

GUARDIANSHIP RESERVE SUPPLEMENTAL SCHEDULE

Organization Life Navigators, Inc.

Period Covered by the Audit January 1, 2016 to December 31, 2016

1. Total Units of Service	3,494
2. Allowable Expenses for Rate-based Service	68,342
3. Total Revenue for Rate-based Service	49,864
4. Excess Revenue (Deficiency) over Expenses to be applied to Reserve (Line 3 less line 2)	(18,478)
5. Total Reserve from All Prior Periods (not including this period)	(282,303)
6. Calculation of Reserve and Amounts Due to Purchasers:	-

Purchaser (6a)	Revenue from Purchaser (6b)	Purchaser's Share of Total Revenue (6c)	First Test				Second Test					Total Amount Due to Purchaser (6m)
			Purchaser's Share of Excess Revenue (Deficiency) (6d)	Cap on Reserve for First Test (6e)	Amount to Add to Reserve for this Period (6f)	Amount due to Purchaser from First Test (6g)	Purchaser's Share of Reserve from Prior Periods (6h)	Purchaser's Share of Reserve from all Periods (6i)	Cap on Reserve for Second Test (6j)	Amount of Reserve (6k)	Amount due to Purchaser from Second Test (6l)	
Milw County DHHS - Guardianship	\$ 41,288	82.80%	\$ (15,300)	\$ 2,064	\$ (15,300)	\$ -	\$ (276,803)	\$ (292,103)	\$ 4,129	\$ (292,103)	\$ -	\$ -
Milw County Dept of Aging - Guardianship	3,803	7.63%	(1,409)	190	(1,409)	-	(2,442)	(3,851)	380	(3,851)	-	-
Private Pay	4,743	9.51%	(1,758)	237	(1,758)	-	(2,689)	(4,447)	474	(4,447)	-	-
In-kind contributions	30	0.06%	(11)	2	(11)	-	(369)	(380)	3	(380)	-	-
Totals	\$ 49,864	100%	\$ (18,478)	\$ 2,493	\$ (18,478)	\$ -	\$ (282,303)	\$ (300,781)	\$ 4,986	\$ (300,781)	\$ -	\$ -

See Independent Auditors' Report.

COURT COMPREHENSIVE EVALUATIONS RESERVE SUPPLEMENTAL SCHEDULE

Organization Life Navigators, Inc.

Period Covered by the Audit January 1, 2016 to December 31, 2016

1. Total Units of Service	110
2. Allowable Expenses for Rate-based Service	28,243
3. Total Revenue for Rate-based Service	26,516
4. Excess Revenue (Deficiency) over Expenses to be applied to Reserve (Line 3 less line 2)	(1,727)
5. Total Reserve from All Prior Periods (not including this period)	(7,149)
6. Calculation of Reserve and Amounts Due to Purchasers:	-

Purchaser	Revenue from Purchaser	Purchaser's Share of Total Revenue	First Test				Second Test					Total Amount Due to Purchaser
			Purchaser's Share of Excess Revenue (Deficiency)	Cap on Reserve for First Test	Amount to Add to Reserve for this Period	Amount due to Purchaser from First Test	Purchaser's Share of Reserve from Prior Periods	Purchaser's Share of Reserve from all Periods	Cap on Reserve for Second Test	Amount of Reserve	Amount due to Purchaser from Second Test	
(6a)	(6b)	(6c)	(6d)	(6e)	(6f)	(6g)	(6h)	(6i)	(6j)	(6k)	(6l)	(6m)
Milw County DSD - Court Comprehensive Evaluations	\$ 26,500	99.94%	\$ (1,726)	\$ 1,325	\$ (1,726)	\$ -	\$ (7,055)	\$ (8,781)	\$ 2,650	\$ (8,781)	\$ -	\$ -
In-kind contributions	16	0.06%	(1)	1	(1)	-	(94)	(95)	2	(95)	-	-
Totals	\$ 26,516	100%	\$ (1,727)	\$ 1,326	\$ (1,727)	\$ -	\$ (7,149)	\$ (8,876)	\$ 2,652	\$ (8,876)	\$ -	\$ -

See Independent Auditors' Report.

Thomas G. Wieland
David A. Grotkin
Joel A. Joyce
Brian J. Mechenich



Carrie A. Gindt
Patrick G. Hoffert
Jason J. Wrasse
Joshua T. Bierbach

**INDEPENDENT AUDITORS' 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 AND THE WISCONSIN
DHS AUDIT GUIDE**

To the Board of Directors of
Life Navigators, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the Wisconsin DHS Audit Guide, the financial statements of Life Navigators, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2016, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 13, 2017.

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 over financial reporting.

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.

Reilly, Penner & Benton LLP

1233 N. Mayfair Road Suite #302 • Milwaukee, WI 53226-3255 • 414-271-7800

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of 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* and the Wisconsin DHS Audit Guide.

Purpose of this Report

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

April 13, 2017
Milwaukee, Wisconsin

Life Navigators, Inc.
Milwaukee, Wisconsin

Schedule of Expenditures of Federal and State Awards
For the Year Ended December 31, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State CARS Number	Contract Number	Expenditures				Payments to Subrecipients
				Federal	State	Other	Total	
U.S. Department of Health & Human Services:								
Passed through Wisconsin Department of Health Services:								
Passed through Milwaukee County Department of Health and Human Services:								
Disability Resource Center Implementation / Advocacy	N/A	N/A	40-16466-100	\$ -	\$ -	\$ 260,597	\$ 260,597	\$ -
Guardianship - 3,494 units	N/A	N/A	---	-	-	41,288	41,288	-
Court Comprehensive Evaluations - 110 units	N/A	N/A	---	-	-	26,500	26,500	-
Children's Long-Term Support Waivers - 1,804 units	N/A	N/A	---	-	-	8,778	8,778	-
Total passed through Milwaukee County DHHS				<u>-</u>	<u>-</u>	<u>337,163</u>	<u>337,163</u>	<u>-</u>
Passed through My Choice Family Care:								
Family Care / Care Management - 3,415 units	N/A	N/A	390978146	-	-	894,438	894,438	-
Passed through Milwaukee County Department on Aging:								
Family Support for Aging and Persons with Developmental Disabilities	93.044	N/A	204-416-97	15,075	-	-	15,075	-
Guardianship - 394 units	N/A	N/A	---	-	-	3,803	3,803	-
Total passed through Milwaukee County Department of Aging				<u>15,075</u>	<u>-</u>	<u>3,803</u>	<u>18,878</u>	<u>-</u>
U.S. Department of Housing and Urban Development:								
Passed through City of Wauwatosa:								
Community Development Block Grant	14.218	N/A	---	<u>132,700</u>	<u>-</u>	<u>-</u>	<u>132,700</u>	<u>-</u>
Total				<u>\$ 147,775</u>	<u>\$ -</u>	<u>\$ 1,235,404</u>	<u>\$ 1,383,179</u>	<u>\$ -</u>

See Independent Auditors' Report and
Notes to Schedule of Expenditures of Federal and State Awards

LIFE NAVIGATORS, INC.
Milwaukee, Wisconsin

Notes to Schedule of Expenditures of Federal and State Awards
December 31, 2016

1. Basis of Presentation

The accompanying "Schedule of Expenditures of Federal and State Awards" (the Schedule) includes the federal and state award activity of the Organization under programs of the federal and state government for the year ended December 31, 2016. The information in this schedule is presented in accordance with the requirements of the Wisconsin DHS Audit Guide. Fee-for-service revenue is shown on the Schedule in the "Other" column.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting.

LIFE NAVIGATORS, INC.
Milwaukee, Wisconsin

Summary Schedule of Prior Audit Findings
Year Ended December 31, 2016

There were no prior year findings.

LIFE NAVIGATORS, INC.
Milwaukee, Wisconsin

Schedule of Findings and Responses
Year Ended December 31, 2016

Section I. Summary of Auditors' Results

Financial Statements

- | | |
|--|------------|
| 1. Type of auditors' report issued on whether the financial statements audited were prepared in accordance with U.S. GAAP: | Unmodified |
| 2. Internal control over financial reporting: | |
| A. Significant deficiency(ies) identified? | None noted |
| B. Material weaknesses identified? | No |
| 3. Noncompliance material to financial statements? | None noted |

DHS Awards

- | | |
|--|------------|
| 4. Internal control over financial reporting: | |
| A. Significant deficiency(ies) identified? | None noted |
| B. Material weaknesses identified? | No |
| 5. Type of auditors' report issued on compliance for major programs: | Unmodified |
| 6. Any audit findings disclosed that are required to be reported? | None noted |
| 7. Identification of major DHS program(s): | |

Name of DHS Program

Care Management

Section II. Financial Statement Findings

No matters were reported

Section III. DHS Award Findings

No matters were reported

LIFE NAVIGATORS, INC.
Milwaukee, Wisconsin

Schedule of Findings and Responses
Year Ended December 31, 2016
(Continued)

Section IV. Other Issues

- | | |
|---|-----------------------|
| 1. 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? | No |
| 2. Does the audit report show audit issues (i.e., material noncompliance, nonmaterial noncompliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the <i>Wisconsin DHS Audit Guide</i> :

Department of Health Services | No |
| 3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? | Yes |
| 4. Name and signature of partner | <hr/> Carrie A. Gindt |
| 5. Date of Report | April 13, 2017 |