

Care Wisconsin First, Inc. and
Affiliate

Madison, Wisconsin

Consolidated Financial Statements and
Supplementary Information

Years Ended December 31, 2016 and 2015





Independent Auditor's Report

Board of Directors
Care Wisconsin First, Inc.
Madison, Wisconsin

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Care Wisconsin First, Inc. and Affiliate, which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States; 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Department of Health Services Audit Guide*, 2017 Revision, issued by the Wisconsin Department of Health Services. 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 Care Wisconsin First, Inc. and Affiliate as of December 31, 2016 and 2015, and the results of their operations, changes in their net assets, and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2017, on our consideration of Care Wisconsin First, Inc. and Affiliate'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* and the *Department of Health Services Audit Guide, 2017 Revision*, issued by the Wisconsin Department of Health Services in considering Care Wisconsin First, Inc. and Affiliate's internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP
Milwaukee, Wisconsin

April 25, 2017

Care Wisconsin First, Inc. and Affiliate
Consolidated Balance Sheets

<i>December 31,</i>	2016	2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 68,446,465	\$ 57,046,028
Health care receivables - Net	4,223,097	4,829,293
Investments	16,712,950	15,593,028
Prepaid expenses and other	788,029	687,494
Deferred income taxes	-	14,000
Total current assets	90,170,541	78,169,843
Assets limited as to use	4,489,074	3,554,746
Deferred compensation plan assets	495,049	387,752
Property and equipment - Net	3,309,185	3,429,736
Other assets	62,463	61,463
TOTAL ASSETS	\$ 98,526,312	\$ 85,603,540
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 3,914,092	\$ 2,006,724
Income tax payable	61,212	80,000
Accrued member services	38,869,977	35,369,605
Accrued salaries and benefits	2,800,175	2,074,880
Unearned revenue	53,048	64,652
Deferred income taxes	7,000	-
Total current liabilities	45,705,504	39,595,861
Long-term liabilities:		
Deferred compensation plan liability	382,402	306,351
Deferred rent	548,419	376,557
Total long-term liabilities	930,821	682,908
Total liabilities	46,636,325	40,278,769
Net assets - Unrestricted	51,889,987	45,324,771
TOTAL LIABILITIES AND NET ASSETS	\$ 98,526,312	\$ 85,603,540

See accompanying notes to consolidated financial statements.

Care Wisconsin First, Inc. and Affiliate
Consolidated Statements of Operations and Changes in Net Assets

<i>Years Ended December 31,</i>	2016	2015
Revenue:		
Medicaid premiums	\$ 318,362,333	\$ 262,394,807
Medicare premiums	31,649,644	31,299,373
Medicare Part D	10,238,959	10,458,305
Member cost share	9,987,317	7,331,125
Room and board	24,441,547	20,921,968
Spend down	-	1,017,988
Other third-party payor	59,526	-
Investment income	915,656	57,163
Other revenue, gains, and losses - Net	745,801	406,773
Total revenue	396,400,783	333,887,502
Expenses:		
Member services:		
Long-term care	290,027,937	238,808,308
Acute and primary care	44,585,149	41,805,121
Total member services	334,613,086	280,613,429
Care management services	36,507,671	31,734,323
Supporting services - Administrative	18,053,239	16,043,149
Premium deficiency reserve	-	(5,241,342)
Total expenses	389,173,996	323,149,559
Revenue in excess of expenses before provision for state income taxes	7,226,787	10,737,943
Provision for state income taxes:		
Current	640,571	80,000
Deferred	21,000	710,000
Total provision for state income taxes	661,571	790,000
Revenue in excess of expenses and increase in net assets	6,565,216	9,947,943
Net assets at beginning	45,324,771	35,376,828
Net assets at end	\$ 51,889,987	\$ 45,324,771

See accompanying notes to consolidated financial statements.

Care Wisconsin First, Inc. and Affiliate

Consolidated Statements of Cash Flows

Years Ended December 31,	2016	2015
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Increase in net assets	\$ 6,565,216	\$ 9,947,943
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	936,004	941,662
Provision for bad debts	430,319	327,000
Change in net realized and unrealized (gains) losses on investments	(329,538)	529,941
Loss on disposal of property and equipment	20,546	14,083
Deferred income taxes	21,000	710,000
Changes in operating assets and liabilities:		
Health care receivables	175,876	(1,542,724)
Prepaid expenses and other	(101,535)	(214,586)
Deferred compensation plan assets/liability	(31,246)	(24,100)
Accounts payable	1,591,834	(639,499)
Income tax payable	(18,788)	79,975
Accrued member services	3,500,373	8,989,895
Accrued salaries and benefits	725,295	660,429
Unearned revenue	(11,604)	8,345
Premium deficiency reserve	-	(5,241,342)
Deferred rent	171,862	376,557
Net cash provided by operating activities	13,645,614	14,923,579
Cash flows from investing activities:		
Purchases of investments and assets limited as to use	(13,835,422)	(7,286,156)
Proceeds from sales of investments and assets limited as to use	12,110,710	7,028,807
Capital expenditures	(528,751)	(2,615,753)
Proceeds from sales of property and equipment	8,286	-
Net cash used in investing activities	(2,245,177)	(2,873,102)
Net increase in cash and cash equivalents	11,400,437	12,050,477
Cash and cash equivalents at beginning of year	57,046,028	44,995,551
Cash and cash equivalents at end of year	\$ 68,446,465	\$ 57,046,028
Supplemental cash flow information:		
Cash paid during the year for:		
Income taxes	\$ 659,359	\$ -
Noncash investing and financing activities:		
Property and equipment purchases in accounts payable	\$ 27,385	\$ 342,919

See accompanying notes to consolidated financial statements.

Care Wisconsin First, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies

Principal Business Activity

Care Wisconsin First, Inc. ("Care Wisconsin") and Care Wisconsin Health Plan, Inc. (the "Health Plan"), collectively the "Company", are not-for-profit corporations organized for the purpose of providing health and long-term care services to the frail elderly and adults with disabilities in 47 counties in Wisconsin.

Care Wisconsin provides managed care under the State of Wisconsin's Family Care Program ("Family Care") in 37 counties. At December 31, 2016 and 2015, 6,524 and 5,862 members, respectively, in these counties were enrolled in Family Care, which provides care management and a Medicaid benefit and service package covering long-term care services. Care Wisconsin is the sole member of the Health Plan.

As a state-certified managed care organization and a licensed health maintenance organization (HMO), the Health Plan provides integrated, managed health and long-term care services to nursing home-eligible members under the State of Wisconsin's Family Care Partnership Program ("Partnership"), serving members in seven counties. Partnership serves the frail elderly and adults with physical and/or developmental disabilities and is designed to use capitated Medicaid and Medicare revenues to cover all medical and long-term care services. At December 31, 2016 and 2015, 1,534 and 1,486 members, respectively, were enrolled in the Partnership through the Health Plan.

The Health Plan participates in the State of Wisconsin's Supplemental Security Income (SSI) Managed Care Program, which provides health care services for those who receive Medicaid SSI or SSI-related Medicaid because of a disability determined by the Disability Determination Bureau. Through the SSI Managed Care Program, the Health Plan serves members in 30 counties. The SSI Managed Care Program is designed to use Medicaid funds to cover medical services. At December 31, 2016 and 2015, 1,804 and 1,757 members, respectively, were enrolled in the SSI Managed Care Program through the Health Plan.

The Health Plan plans to begin offering a new Dual Eligible Special Needs Program in five counties beginning January 1, 2017.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Care Wisconsin and the Health Plan. All significant intercompany accounts and transactions have been eliminated.

Financial Statement Presentation

The Company follows accounting standards set by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The ASC is the single source of authoritative accounting principles generally accepted in the United States (GAAP) to be applied to nongovernmental entities.

Care Wisconsin First, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of the accompanying consolidated financial statements in conformity with GAAP requires management to make certain 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 consolidated financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates.

Cash Equivalents

The Company considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents, excluding assets limited as to use.

Health Care Receivables

Health care receivables are amounts due from Medicare, Medicaid, and others and are stated at the amount management expects to collect from outstanding balances. The carrying amounts of accounts receivable are reduced by allowances that reflect management's best estimate of the amount that will not be collected. Delinquent accounts are not charged interest.

Investments, Assets Limited as to Use, and Deferred Compensation Assets

Investment, assets limited as to use, and deferred compensation plan assets are measured at fair value in the accompanying consolidated balance sheets. Assets limited as to use include cash and cash equivalents held to satisfy Wisconsin Department of Health Services (DHS) regulatory requirements. Deferred compensation assets include mutual funds held for the benefit of certain employees. Investment income or loss (including unrealized and realized gains and losses, interest, and dividends) is included in revenue in excess of expenses unless the income or loss is restricted by donor or law.

Investment transactions are recorded on the trade date. Realized gains and losses on the sale of investments are calculated based on the specific identification of the securities sold. Investment management and custodial fees are recorded as a reduction of investment income.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. A three-tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Care Wisconsin First, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful life. Interest costs incurred on borrowed funds during the period of the construction of capital assets is capitalized as a component of the cost of acquiring those assets. Estimated useful lives range from 3 to 15 years for leasehold improvements, 2 to 13 years for furniture and equipment, and 3 to 5 years for vehicles.

Accrued Member Services and Member Services Expense

The Company contracts with various health care providers for the provision of medical and long-term care services to its members. The Company generally compensates contracted providers under negotiated fee-for-service arrangements or for a fixed dollar amount per member per month, which can be adjusted based on actual utilization.

The cost of health care services contracted for is accrued in the period in which the services are provided to a member based, in part, on estimates, including an accrual for medical and long-term care services provided but not reported to the Company. The accrual for services provided but not reported to the Company represents management's best estimate of the ultimate net cost of all incurred but not reported claims as of the balance sheet date. These estimates are calculated using individual case-basis valuations and statistical analysis. Those estimates are subject to the effects of trends in loss severity and frequency. Although considerable variability is inherent in such estimates, management believes the accrual for services incurred but not reported is adequate. These estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes known. Such adjustments are included in current operations.

Premium Deficiency Reserve

The Company assesses the sufficiency of unearned premiums to covered associated costs over the remaining contract period for its lines of business. If a loss is estimated, then a premium deficiency reserve is recorded. The Company does consider anticipated investment income when calculating its premium deficiency reserve. At December 31, 2016, and 2015, the Company had no amounts recorded for premium deficiency reserves.

Deferred Rent

Deferred rent relates to lease incentives provided by the landlord of the administrative building in Madison and is the difference between lease payments and lease expense on a straight-line basis. Deferred rent is being amortized into rent expense over the term of the lease.

Care Wisconsin First, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Net Assets

Unrestricted net assets consist of net assets that are not subject to donor-imposed stipulations and include those expendable resources which have been designated for special use by the Company's Board of Directors. Temporarily restricted net assets are those whose use by the Company has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Company in perpetuity.

The Company has no temporarily or permanently restricted net assets at December 31, 2016 and 2015.

Medicaid and Medicare Premiums, Member Cost Share, Spend Down, and Room and Board

The Company's primary sources of revenue are capitation payments under the Medicare and Medicaid programs. Medicare and Medicaid capitation payments are recognized as revenue in the month for which coverage is provided. Capitation payments received prior to the month of coverage are recorded as unearned revenue. Member cost share and spend down revenue consists of amounts received directly from certain members who are required to share a cost of the program as a condition of their enrollment. Spend down revenue stopped in 2016. Member room and board revenue consists of amounts received directly from certain members to reimburse the program for room and board payments.

The Company has contracted with the Centers for Medicare and Medicaid Services (CMS) to provide services under the Medicare Advantage Special Needs Program. Medicare capitation payments under this program are received from CMS. This contract is intended to cover all Medicare-eligible expenses including pharmaceuticals under the Medicare Part D program. Estimated provisions to approximate expected settlements for the Medicare Part D program are included in the accompanying consolidated financial statements.

Advertising Costs

Advertising costs are expensed as incurred.

Taxes

The Company is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Care Wisconsin is also exempt from Wisconsin income taxes on related income. The Health Plan is liable for Wisconsin property, income, and franchise taxes. The provision for income taxes is recorded net of any recoveries during the year.

Care Wisconsin First, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Taxes (Continued)

Deferred income taxes are established for temporary differences in the reporting of unrealized gains and losses on investment securities, the allowance for doubtful accounts, and certain accounts payable for financial statement and income tax purposes. Deferred tax balances are adjusted to reflect tax rates based on currently enacted tax laws that will be in effect in the years in which the temporary differences are expected to reverse. Deferred tax expense is the result of changes in the deferred tax asset and liability. Management has evaluated the Company's tax positions and concluded the Company has taken no uncertain tax positions that would require adjustments to the financial statements.

Subsequent Events

Subsequent events have been evaluated through April 25, 2017, which is the date the financial statements were available to be issued.

Note 2: Reimbursement Arrangements With Third-Party Payors

Care Wisconsin and the Health Plan have contracts with DHS and CMS to provide services to qualified Medicare and Medicaid recipients (the "Contracts"). The Contracts represent Care Wisconsin's and the Health Plan's source of premium income for Family Care, Partnership, and SSI. The Contracts with DHS and CMS expire on December 31, 2017. The contract with DHS is renewable annually. The contract with CMS is renewable for successive one-year periods. The Health Plan or CMS may terminate the contracts with 30 days written notice.

Medicaid capitation is subject to a year-end calculation that takes into consideration level of acuity and target group. Retrospective rate adjustments also includes payments for a high cost risk pool. Retroactive rate adjustments resulted in an increase in revenue of approximately \$2,121,000 in 2016, of which approximately \$2,529,000 was an increase in revenue relating to services in 2016 and \$408,000 was a deduction of revenue relating to services in 2015. Retroactive rate adjustments resulted in an increase of \$2,103,000 in 2015, of which approximately \$2,221,000 was an increase in revenue relating to services in 2015 and 118,000 was a deduction of revenue relating to services in 2014.

Medicare capitation rates are estimated and prospectively paid to the Company subject to a year-end calculation that takes into consideration level of acuity, member age, and other demographics. There are also retroactive adjustments for members whose primary coverage is under the Medicare program.

The Health Plan covers prescription drug benefits in accordance with Medicare Part D under a contract with CMS. The payments the Health Plan receives from CMS and its members, which are determined from an annual bid, represent amounts for providing prescription drug insurance coverage. The payment from CMS is subject to risk sharing through the Medicare Part D risk-sharing corridor provisions. Receipts for reinsurance and low-income cost subsidies represent reimbursements of prescription drug cost for which the Health Plan has no underwriting risk.

Care Wisconsin First, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 2: Reimbursement Arrangements With Third-Party Payors (Continued)

The risk corridor provisions compare costs targeted in the Health Plan's bids to actual prescription drug costs, limited to costs that would have been incurred under the standard coverage as defined by CMS. Variances exceeding certain thresholds may result in CMS making additional payments to the Health Plan. The Health Plan estimates and recognizes an adjustment to premium revenues related to these risk corridor provisions based on pharmacy claims experience to date as if the annual contract were to terminate at the end of the reporting period. Accordingly, the estimate provides no consideration of future pharmacy claims experience. At December 31, 2016 and 2015, the Health Plan recorded a risk-sharing payable, recorded in accounts payable, of approximately \$691,000 and \$157,000, respectively.

Reinsurance and low-income subsidies represent reimbursements from CMS in connection with the Medicare Part D program for which the Health Plan assumes no risk. Reinsurance subsidies represent reimbursement for CMS's portion of prescription drug costs that exceed the member's out-of-pocket threshold or catastrophic coverage level. Low-income cost subsidies represent reimbursement from CMS for all or a portion of the deductible, coinsurance, and copayment amounts above the out-of-pocket threshold for low-income beneficiaries. Monthly prospective payments from CMS for reinsurance and low-income cost subsidies are based on assumptions submitted with an annual bid. A reconciliation and related settlement of CMS's prospective subsidies against actual prescription drug cost paid by the Health Plan are made after the end of the year. The Health Plan records these subsidies in accounts payable in the accompanying consolidated financial statements. The Plan has recorded a net liability related to these subsidies of approximately \$1,465,000 and \$3,000 for the years ended December 31, 2016 and 2015, respectively.

Revenue from the Company's cost-based reimbursement payments consisted of approximately \$7,958,000 and \$9,077,000 for reinsurance payments and approximately \$279,000 and \$475,000 for the low-income cost-sharing portion for the years ended December 31, 2016 and 2015, respectively.

To promote member access to acute care, children's, and rehabilitation hospitals throughout Wisconsin, Medicaid provides a hospital access payment amount per inpatient discharge. Access payments are intended to reimburse hospital providers based on Wisconsin Medicaid volume. In 2016 and 2015, the Company received Wisconsin Medicaid access payments from the SSI Managed Care Program of approximately \$2,194,000 and \$3,217,000, respectively, and paid out the same amount to providers. These amounts are included in Medicaid premiums and acute and primary member services, respectively, in the accompanying consolidated statements of operations and changes in net assets.

Care Wisconsin First, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 3: Health Care Receivables

Health care receivables consisted of the following at December 31:

	2016	2015
Medicaid capitation receivable	\$ 2,607,823	\$ 2,713,617
Medicare risk-sharing receivable	83,373	232,536
Medicare Part D receivable	203,161	815,295
Member receivable	821,121	907,435
Claim refund receivable	415,753	29,246
Other	497,650	370,472
Subtotals	4,628,881	5,068,601
Less - Allowance for doubtful accounts	405,784	239,308
Health care receivables - Net	\$ 4,223,097	\$ 4,829,293

Note 4: Investments and Assets Limited as to Use

Investments

Investments, stated at fair value, consisted of the following at December 31:

	2016	2015
Debt securities:		
U.S. government and state obligations	\$ 2,491,373	\$ 4,362,364
Corporate bonds	10,398,791	7,894,562
Mortgage-backed securities	1,772,250	1,517,958
Equity mutual funds	2,050,536	1,818,144
Total investments	\$ 16,712,950	\$ 15,593,028

Care Wisconsin First, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 4: Investments and Assets Limited as to Use (Continued)

Assets Limited as to Use

Assets limited as to use consisted of the following at December 31:

	2016	2015
Regulatory requirements:		
Cash	\$ 3,545,632	\$ 2,804,746
Certificates of deposit	943,442	750,000
Total assets limited as to use	\$ 4,489,074	\$ 3,554,746

Investment Income

Investment income, including gains and losses on investments and assets limited as to use, consisted of the following for the years ended December 31:

	2016	2015
Interest income	\$ 579,295	\$ 554,866
Dividend income	38,299	35,373
Net realized losses	(31,863)	(122,337)
Change in net unrealized gains (losses)	366,776	(407,604)
Investment management and custodial fees	(36,851)	(3,135)
Total investment income	\$ 915,656	\$ 57,163

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements.

Note 5: Fair Value Measurements

The following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

Money market funds are valued using a net asset value (NAV) of \$1. Fair values of debt securities are based on quotes from pricing vendors based on recent trading activity and other observable market data. Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds are registered with the Securities and Exchange Commission and are required to publish their NAV daily and to transact at that price.

Care Wisconsin First, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 5: Fair Value Measurements (Continued)

The following tables set forth by level, within the fair value hierarchy, the Company's assets at fair value on a recurring basis as of December 31:

	2016			Total Assets at Fair Value
	Level 1	Level 2	Level 3	
Money market funds	\$ -	\$ 663,637	\$ -	\$ 663,637
Equity mutual funds				
Small cap	381,578	-	-	381,578
Mid cap	404,827	-	-	404,827
Large cap	186,414	-	-	186,414
International	60,893	-	-	60,893
Balanced	15,332	-	-	15,332
500 index	1,390,253	-	-	1,390,253
Other	57,203	-	-	57,203
Fixed income mutual funds	49,085	-	-	49,085
Debt securities				
U.S. government obligations	-	2,491,372	-	2,491,372
Corporate bonds	-	10,398,792	-	10,398,792
Mortgage-backed securities	-	1,772,250	-	1,772,250
Total assets	\$ 2,545,585	\$ 15,326,051	\$ -	\$ 17,871,636

	2015			Total Assets at Fair Value
	Level 1	Level 2	Level 3	
Money market funds	\$ -	\$ 1,050,630	\$ -	\$ 1,050,630
Equity mutual funds:				
Small cap	327,229	-	-	327,229
Mid cap	356,845	-	-	356,845
Large cap	115,473	-	-	115,473
International	43,185	-	-	43,185
Balanced	28,376	-	-	28,376
500 index	1,242,116	-	-	1,242,116
Other	46,281	-	-	46,281
Fixed income mutual funds	46,391	-	-	46,391
Debt securities				
U.S. government obligations	-	4,362,364	-	4,362,364
Corporate bonds	-	7,894,562	-	7,894,562
Mortgage-backed securities	-	1,517,958	-	1,517,958
Total assets	2,205,896	14,825,514	-	17,031,410

Care Wisconsin First, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 5: Fair Value Measurements (Continued)

Reconciliation of the fair value hierarchy tables to the consolidated financial statements is as follows:

	2016	2015
Investments	\$ 16,712,950	\$ 15,593,028
Money market funds in cash and cash equivalents	663,637	1,050,630
Deferred compensation plan assets	495,049	387,752
Totals	\$ 17,871,636	\$ 17,031,410

Note 6: Property and Equipment

Property and equipment consisted of the following at December 31:

	2016	2015
Leasehold improvements	\$ 1,466,013	\$ 1,761,773
Furniture and equipment	6,791,953	6,979,742
Vehicles	27,706	27,706
Total property and equipment	8,285,672	8,769,221
Less - Accumulated depreciation	5,471,668	5,682,404
Net depreciated value	2,814,004	3,086,817
Assets not placed in service	495,181	342,919
Property and equipment - Net	\$ 3,309,185	\$ 3,429,736

Assets not placed in service consist of software costs and computer equipment. Depreciation expense for the years ended December 31, 2016 and 2015, was \$936,004 and \$941,662, respectively.

Note 7: Line of Credit

In July 2016 the Company entered in to a revolving credit agreement with a bank in the amount of \$4,000,000. The line of credit is secured by substantially all of the Company's assets. Interest accrues at the one-month LIBOR rate (effective rate of 0.62% at December 31, 2016). There were no amounts outstanding under this line of credit at December 31, 2016.

Care Wisconsin First, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 8: Operating Leases

The Company leases certain equipment and facilities under leases classified as operating leases. These leases have terms ranging from month-to-month to 10 years, expiring in various years through 2020.

Care Wisconsin also leases an administrative building under a twelve year operating lease, which expires in 2027. No rent was due for the first 18 months, then base rent started at \$34,116 monthly with increases in base rent throughout the remaining term of the lease. Deferred rent of \$548,419 and \$376,557 is recorded as a long-term liability in the accompanying consolidated balance sheets at December 31, 2016 and 2015, respectively, related to this lease.

Future minimum lease payments, by year and in the aggregate, under noncancelable lease agreements consisted of the following at December 31, 2016:

2017	\$ 1,992,283
2018	1,381,673
2019	1,188,466
2020	670,054
2021	445,460
Thereafter	2,356,271
<hr/>	
Total minimum lease payments	<u>\$ 8,034,207</u>

Total rental expense was approximately \$2,294,000 and \$3,188,000 in 2016 and 2015, respectively.

Care Wisconsin First, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 9: Accrued Member Services

The following table provides a reconciliation of the beginning and ending balances of accrued member services at December 31:

	2016	2015
Accrued member services at beginning	\$ 35,369,605	\$ 26,379,710
Incurred related to:		
Current period	334,358,794	279,857,190
Prior periods	254,292	(1,166,942)
Total incurred	334,613,086	278,690,248
Paid related to:		
Current period	295,951,759	244,439,665
Prior periods	35,160,955	25,260,688
Total paid	331,112,714	269,700,353
Accrued member services at end	\$ 38,869,977	\$ 35,369,605

Note 10: Regulatory Requirements

DHS requires Care Wisconsin to maintain restricted and solvency reserves under the Family Care contract. The required minimum balance for these reserves was approximately \$4,053,000 and \$3,550,000 at December 31, 2016 and 2015, respectively. The balance in the reserves was approximately \$4,489,000 and \$3,555,000 as of December 31, 2016 and 2015, respectively, included in assets limited as to use in the accompanying consolidated balance sheets. As of December 31, 2016 and 2015, the funding requirements have been met.

HMOs must comply with the minimum capital rules established by the Office of the Commissioner of Insurance of the State of Wisconsin (OCI). These rules specify a minimum amount of net worth required based on a determinable percentage of subscriber premiums. The Health Plan is also required to maintain a compulsory and security surplus as determined in accordance with accounting practices prescribed or permitted by OCI. In addition, the Health Plan is subject to risk-based capital (RBC) requirements promulgated by the National Association of Insurance Commissioners. The RBC requirements establish minimum levels of capital and surplus based on the operations and risks of the Health Plan. As of December 31, 2016 and 2015, management believes the Health Plan has met the minimum net worth, compulsory and surplus, and RBC requirements.

Care Wisconsin First, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 11: Reinsurance

The Health Plan entered into a stop-loss insurance agreement with an insurance company to limit its losses on inpatient hospital services. Under the terms of this agreement, the insurance company will reimburse the Health Plan for 50% of the cost of each participant's annual inpatient hospital services in excess of a \$225,000 deductible, up to daily limits of \$4,000 per participant. Stop-loss insurance premiums were approximately \$166,000 and \$198,000 in 2016 and 2015, respectively, included in supporting services - administrative, and there were approximately \$550,000 and \$171,000 of stop-loss insurance recoveries in 2016 and 2015, respectively, included in other revenue in the accompanying consolidated statements of operations and changes in net assets.

Reinsurance contracts do not relieve the Health Plan from its obligations to subscribers. The Health Plan remains liable to its subscribers for the portion reinsured, to the extent that the reinsurance company does not meet the obligations assumed under the reinsurance contract.

Note 12: Self-Insured Plans

The Company is self-insured for the employees' health and dental care. The claims under these plans are accrued as the incidents that give rise to them occur. Unpaid claim accruals are based on the estimated ultimate cost of the claims, including claims administration expenses. The Company has entered into a reinsurance agreement to limit losses on claims for health insurance up to \$75,000 per claim. A liability for the claims unpaid, including incurred but not reported claims, under these self-insured plans was \$591,000 at December 31, 2016 and \$397,000 at December 31, 2015, included in accrued salaries and benefits in the accompanying consolidated balance sheets.

Note 13: Taxes

The Health Plan is subject to Wisconsin income taxes. The provision for current state income taxes was \$641,000 and \$80,000 in 2016 and 2015, respectively. Deferred income tax assets and liabilities consisted of the following at December 31:

	2016	2015
Current deferred income tax assets (liabilities):		
Allowance for doubtful accounts	\$ 14,000	\$ 8,000
Discounted unpaid losses	7,000	8,000
Unrealized gains on investments	(41,000)	(12,000)
Capital losses	13,000	10,000
Current deferred income tax asset (liability)	\$ (7,000)	\$ 14,000

Care Wisconsin First, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 14: Retirement Plan

Substantially all employees of the Company are eligible to participate in a 401(k) salary reduction retirement plan. Under the provisions of the plan, the Company makes a matching contribution equal to 50% of each participant's contribution, with a maximum contribution of 3% of each employee's compensation. The Company's retirement plan expense was approximately \$663,000 and \$559,000 for the years ended December 31, 2016 and 2015, respectively.

Note 15: Deferred Compensation

Care Wisconsin has deferred compensation plans under Section 457(b) and Section 457(f) of the Code. The 457(b) plan is intended primarily for certain key employees to defer compensation until retirement or termination of employment, whichever is sooner. The 457(f) plan requires Care Wisconsin to fund an amount equal to \$25,000 per year, less any amounts contributed by Care Wisconsin under the 457(b) plan, through 2018. The 457(f) plan allows Care Wisconsin to make additional payments to the account at its discretion, with Board of Directors' approval. If a key employee were to leave prior to April 1, 2017, the employee would forfeit the deferred compensation in the 457(f) plan. Care Wisconsin made contributions totaling \$25,000 in 2016 and 2015 to the 457(f) plan. At December 31, 2016 and 2015, deferred compensation plan assets totaled \$495,049 and \$387,752, respectively, and the deferred compensation plan liability totaled \$382,402 and \$306,351, respectively.

Note 16: Concentration of Credit Risk

Financial instruments that potentially subject the Company to credit risk consist principally of accounts receivable, cash deposits in excess of insured limits in financial institutions, and investments which are uninsured.

The Company maintains depository relationships with an area financial institution. Cash held by the financial institution in excess of federally insured limits is uninsured. Management believes this financial institution has a strong credit rating and that credit risk related to these deposits is minimal. At December 31, 2016, the Company exceeded the insured limits by approximately \$72,469,000.

Note 17: Malpractice Insurance

The Company has professional liability insurance for claims losses up to \$1,000,000 per claim and \$3,000,000 per year to cover professional liability claims incurred during a policy year regardless of when claims are reported (occurrence coverage). The professional liability insurance policy is renewable annually and has been renewed by the insurance carrier for the Company for the annual period through June 1, 2017.

Care Wisconsin First, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 18: Risks and Uncertainties

The Company's operating results and financial condition are affected by numerous factors and circumstances unique to the insurance industry, some of which it can neither predict nor control. The first and most significant risk the Company faces is the loss of capitation payments under the Medicare and Medicaid programs, including Family Care. On an annual basis, DHS sets the capitation rates of the Family Care and Partnership programs. DHS contracts with an independent actuary to arrive at an appropriate capitated rate based on the Family Care member claims history experience and the member's acuity supported by the Company. Other factors and circumstances that can affect the Company's operating results are: (1) statutorily imposed regulatory capital requirements can limit an insurer's ability to underwrite new business or retain otherwise desirable risks; (2) an insurer's ability to enter into suitable reinsurance agreements is subject to prevailing conditions in reinsurance markets; (3) fluctuations in interest rates affect the value and income yield of an insurer's investment portfolio in the short term and often affect default and prepayment rates over time; and (4) inflationary pressures and medical costs affect the magnitude of claims and claims adjustment expenses.

Note 19: Functional Expenses

Expenses incurred by the Company were as follows for the years ended December 31:

	2016	2015
Partnership	\$ 99,017,902	\$ 90,887,999
SSI	12,245,879	11,085,157
Family Care	259,815,748	205,133,254
Total program expenses	371,079,529	307,106,410
Administrative expenses	18,094,467	16,043,149
Total expenses	\$ 389,173,996	\$ 323,149,559

Note 20: Reclassification

The 2015 financial statements have been reclassified to conform to the 2016 presentation by increasing member services expense - long-term care and decreasing care management services expenses \$1,923,181 in the accompanying 2015 consolidated statements of operations and changes in net assets.



Independent Auditor's Report on Supplementary Information

Board of Directors
Care Wisconsin First, Inc.
Madison, Wisconsin

We have audited the consolidated financial statements of Care Wisconsin First, Inc. and Affiliate as of and for the years ended December 31, 2016 and 2015, and our report thereon dated April 25, 2017, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating balance sheets and consolidating statements of operations appearing on pages 22 through 27 are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and 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. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Wipfli LLP

Wipfli LLP
Milwaukee, Wisconsin

April 25, 2017

Care Wisconsin First, Inc. and Affiliate

Consolidating Balance Sheet

December 31, 2016	Care Wisconsin First, Inc.	Care Wisconsin Health Plan, Inc.	Eliminations	Consolidated Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 43,984,790	\$ 24,461,675	\$ -	\$ 68,446,465
Health care receivables - Net	2,021,036	2,287,872	(85,811)	4,223,097
Investments	-	16,712,950	-	16,712,950
Prepaid expenses and other	716,580	71,449	-	788,029
Total current assets	46,722,406	43,533,946	(85,811)	90,170,541
Assets limited as to use	4,489,074	-	-	4,489,074
Deferred compensation plan assets	495,049	-	-	495,049
Property and equipment - Net	3,309,185	-	-	3,309,185
Other assets	62,463	-	-	62,463
TOTAL ASSETS	\$ 55,078,177	\$ 43,533,946	\$ (85,811)	\$ 98,526,312

Care Wisconsin First, Inc. and Affiliate Consolidating Balance Sheet (Continued)

December 31, 2016	Care Wisconsin First, Inc.	Care Wisconsin Health Plan, Inc.	Eliminations	Consolidated Total
Liabilities and Net Assets				
Current liabilities:				
Intercompany accounts payable	\$ 85,811	\$ -	\$ (85,811)	\$ -
Accounts payable	1,272,506	2,641,586	-	3,914,092
Income tax payable	-	61,212	-	61,212
Accrued member services	26,789,884	12,080,093	-	38,869,977
Accrued salaries and benefits	2,800,175	-	-	2,800,175
Unearned revenue	43,924	9,124	-	53,048
Deferred income taxes	-	7,000	-	7,000
Total current liabilities	30,992,300	14,799,015	(85,811)	45,705,504
Long-term liabilities:				
Deferred compensation plan liability	382,402	-	-	382,402
Deferred rent	548,419	-	-	548,419
Total long-term liabilities	930,821	-	-	930,821
Total liabilities	31,923,121	14,799,015	(85,811)	46,636,325
Net assets - Unrestricted	23,155,056	28,734,931	-	51,889,987
TOTAL LIABILITIES AND NET ASSETS	\$ 55,078,177	\$ 43,533,946	\$ (85,811)	\$ 98,526,312

See Independent Auditor's Report on Supplementary Information.

Care Wisconsin First, Inc. and Affiliate Consolidating Balance Sheet

December 31, 2015	Care Wisconsin First, Inc.	Care Wisconsin Health Plan, Inc.	Eliminations	Consolidated Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 40,612,002	\$ 16,434,026	-	\$ 57,046,028
Health care receivables - Net	2,666,709	2,467,186	(304,602)	4,829,293
Investments	-	15,593,028	-	15,593,028
Prepaid expenses and other	629,326	58,168	-	687,494
Deferred income taxes	-	14,000	-	14,000
Total current assets	43,908,037	34,566,408	(304,602)	78,169,843
Assets limited as to use	3,554,746	-	-	3,554,746
Deferred compensation plan assets	387,752	-	-	387,752
Property and equipment - Net	3,155,676	274,060	-	3,429,736
Other assets	61,463	-	-	61,463
TOTAL ASSETS	\$ 51,067,674	\$ 34,840,468	\$ (304,602)	\$ 85,603,540

Care Wisconsin First, Inc. and Affiliate Consolidating Balance Sheet (Continued)

December 31, 2015	Care Wisconsin First, Inc.	Care Wisconsin Health Plan, Inc.	Eliminations	Consolidated Total
Liabilities and Net Assets				
Current liabilities:				
Intercompany accounts payable	\$ -	\$ 304,602	\$ (304,602)	\$ -
Accounts payable	1,098,827	907,897	-	2,006,724
Income tax payable	-	80,000	-	80,000
Accrued member services	24,002,714	11,366,891	-	35,369,605
Accrued salaries and benefits	2,074,880	-	-	2,074,880
Unearned revenue	57,657	6,995	-	64,652
Total current liabilities	27,234,078	12,666,385	(304,602)	39,595,861
Long-term liabilities:				
Deferred compensation plan liability	306,351	-	-	306,351
Deferred rent	376,557	-	-	376,557
Total long-term liabilities	682,908	-	-	682,908
Total liabilities	27,916,986	12,666,385	(304,602)	40,278,769
Net assets - Unrestricted	23,150,688	22,174,083	-	45,324,771
TOTAL LIABILITIES AND NET ASSETS	\$ 51,067,674	\$ 34,840,468	\$ (304,602)	\$ 85,603,540

See Independent Auditor's Report on Supplementary Information.

Care Wisconsin First, Inc. and Affiliate

Consolidating Statement of Operations

Year Ended December 31, 2016	Care Wisconsin First, Inc.	Care Wisconsin Health Plan, Inc.	Eliminations	Consolidated Total
Revenue:				
Care Wisconsin Health Plan contract	\$ 16,431,423	\$ -	\$ (16,431,423)	\$ -
Medicaid premiums	240,184,381	78,177,952	-	318,362,333
Medicare premiums	-	31,649,644	-	31,649,644
Medicare Part D	-	10,238,959	-	10,238,959
Member cost share	8,214,907	1,772,410	-	9,987,317
Room and board	21,389,843	3,051,704	-	24,441,547
Other third-party payor	59,526	-	-	59,526
Investment income	137,147	778,509	-	915,656
Other revenue, gains, and losses - Net	193,912	551,889	-	745,801
Total revenue	286,611,139	126,221,067	(16,431,423)	396,400,783
Expenses:				
Member services:				
Long-term care	233,816,904	56,211,033	-	290,027,937
Acute and primary care	-	44,585,149	-	44,585,149
Total member services	233,816,904	100,796,182	-	334,613,086
Care management services	36,507,671	10,508,828	(10,508,828)	36,507,671
Supporting services - Administrative	16,282,196	7,693,638	(5,922,595)	18,053,239
Total expenses	286,606,771	118,998,648	(16,431,423)	389,173,996
Revenue in excess (deficiency) of expenses before provision for state income taxes	4,368	7,222,419	-	7,226,787
Provision for state income taxes:				
Current	-	640,571	-	640,571
Deferred	-	21,000	-	21,000
Total provision for state income taxes	-	661,571	-	661,571
Revenue in excess (deficiency) of expenses and increase (decrease) in net assets	\$ 4,368	\$ 6,560,848	\$ -	\$ 6,565,216

See Independent Auditor's Report on Supplementary Information.

Care Wisconsin First, Inc. and Affiliate

Consolidating Statement of Operations

Year Ended December 31, 2015	Care Wisconsin First, Inc.	Care Wisconsin Health Plan, Inc.	Eliminations	Consolidated Total
Revenue:				
Care Wisconsin Health Plan contract	\$ 15,473,686	\$ -	\$ (15,473,686)	\$ -
Medicaid premiums	189,828,294	72,566,513	-	262,394,807
Medicare premiums	-	31,299,373	-	31,299,373
Medicare Part D	-	10,458,305	-	10,458,305
Member cost share	5,686,724	1,644,401	-	7,331,125
Room and board	18,054,908	2,867,060	-	20,921,968
Spend down	886,604	131,384	-	1,017,988
Investment income (loss)	106,998	(49,835)	-	57,163
Other revenue, gains, and losses - Net	186,464	220,309	-	406,773
Total revenue	230,223,678	119,137,510	(15,473,686)	333,887,502
Expenses:				
Member services:				
Long-term care	183,822,332	54,985,976	-	238,808,308
Acute and primary care	-	41,805,121	-	41,805,121
Total member services	183,822,332	96,791,097	-	280,613,429
Care management services	31,738,309	10,423,401	(10,427,387)	31,734,323
Supporting services - Administrative	14,252,075	6,837,373	(5,046,299)	16,043,149
Premium deficiency reserve	-	(5,241,342)	-	(5,241,342)
Total expenses	229,812,716	108,810,529	(15,473,686)	323,149,559
Revenue in excess of expenses before provision for state income taxes	410,962	10,326,981	-	10,737,943
Provision for state income taxes:				
Current	-	80,000	-	80,000
Deferred	-	710,000	-	710,000
Total provision for state income taxes	-	790,000	-	790,000
Revenue in excess of expenses and increase in net assets	\$ 410,962	\$ 9,536,981	\$ -	\$ 9,947,943

See Independent Auditor's Report on Supplementary Information.



Independent Auditor's 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 *Department of Health Services Audit Guide*

Board of Directors
Care Wisconsin First, Inc.
Madison, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Department of Health Services Audit Guide, 2017 Revision*, issued by the Wisconsin Department of Health Services, the consolidated financial statements of Care Wisconsin First, Inc. and Affiliate (the "Company") which comprise the consolidated balance sheets as of December 31, 2016, and the related consolidated statements of operations and changes in net assets, and cash flows for the year then ended and the related notes to the consolidated financial statements, and have issued our report thereon dated April 25, 2017.

Internal Control over Financial Reporting

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

with those provisions was not 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 *Department of Health Services Audit Guide, 2017 Revision*, issued by the Wisconsin Department of Health Services.

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 Company's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the *Department of Health Services Audit Guide, 2017 Revision*, issued by the Wisconsin Department of Health Services in considering the Company's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wipfli LLP

Wipfli LLP
Milwaukee, Wisconsin

April 25, 2017

Care Wisconsin First, Inc. and Affiliate
Schedule of Findings and Questioned Costs
Year Ended December 31, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	___ yes	_x_ no
Significant deficiency(ies) identified not considered to be material weakness(es)?	___ yes	_x_ no
Noncompliance material to financial statements noted?	___ yes	_x_ no

Section II - Financial Statement Findings
None


Section III - Other Issues

Does the auditor have 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 noncompliance, nonmaterial noncompliance, questioned costs, material weakness, significant deficiency, management letter comment) related to grants/contracts with funding agencies that require audits to be in accordance with the *Department of Health Services Audit Guide, 2017 Revision*, issued by the Wisconsin Department of Health Services ___ yes _x_ no

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

Name and Signature of Partner in Charge:



Corina Schoenke, CPA

Date of Report:

April 25, 2017