

NORTHWOODS WOMEN, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Years Ended December 31, 2021 and 2020

NORTHWOODS WOMEN, INC.

ORGANIZATION

Date Organized	August 1, 1979
Under Laws of State of	Wisconsin
Fiscal Year-End	December 31

OFFICERS, DIRECTORS, AND MANAGEMENT

Patti Skoraczewski	Ashland, Wisconsin	President
Jean Wahlquist	Ashland, Wisconsin	Vice President
Kerry Hill	Ashland, Wisconsin	Secretary
Barb Flynn	Port Wing, Wisconsin	Treasurer
Jason Carter	Ashland, Wisconsin	Director
Debb Joanis	Ashland, Wisconsin	Director
Matt Horning	Ashland, Wisconsin	Director
Tracy Morris	Ashland, Wisconsin	Director
Jeff Muse	Ashland, Wisconsin	Director
Lyle Poppe	Ashland, Wisconsin	Executive Director

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Northwoods Women, Inc.
Ashland, Wisconsin

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Northwoods Women, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Northwoods Women, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Northwoods Women, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Northwoods Women, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Northwoods Women, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Northwoods Women, Inc.'s ability to continue as a going concern for a reasonable period of time.

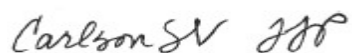
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2022, on our consideration of Northwoods Women, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Northwoods Women, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northwoods Women, Inc.'s internal control over financial reporting and compliance.



Amery, Wisconsin
June 27, 2022

NORTHWOODS WOMEN, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

ASSETS		
	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	\$ 306,896	\$ 280,296
Certificates of deposit	99,448	10,376
Investments	24,514	2,131
Grants and contributions receivable	359,372	191,763
Other receivables	408	3,665
Prepaid expense	4,455	2,764
Total Current Assets	<u>795,093</u>	<u>490,995</u>
OTHER ASSETS		
Certificates of deposit	-	88,138
PROPERTY AND EQUIPMENT		
Property and equipment	1,052,634	1,033,365
Accumulated depreciation	<u>(175,859)</u>	<u>(102,366)</u>
Property and Equipment, Net	<u>876,775</u>	<u>930,999</u>
TOTAL ASSETS	<u>\$ 1,671,868</u>	<u>\$ 1,510,132</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 12,075	\$ 9,029
Accrued expenses and other liabilities	41,683	33,768
Short-term notes payable	-	34,923
Current portion of long-term debt	<u>14,774</u>	<u>9,387</u>
Total Current Liabilities	68,532	87,107
LONG-TERM DEBT	<u>193,325</u>	<u>323,013</u>
Total Liabilities	261,857	410,120
NET ASSETS		
Without donor restrictions	1,401,065	1,075,427
With donor restrictions	<u>8,946</u>	<u>24,585</u>
Total Net Assets	<u>1,410,011</u>	<u>1,100,012</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,671,868</u>	<u>\$ 1,510,132</u>

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

NORTHWOODS WOMEN, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES						
Revenues, Gains, and Other Support						
Contributions and grants						
Fundraising events	\$ 13,093	\$ -	\$ 13,093	\$ 7,140	\$ -	\$ 7,140
Government grants	585,008	-	585,008	548,331	-	548,331
In-kind contributions	89,727	-	89,727	84,479	-	84,479
All other contributions and grants	558,159	-	558,159	424,143	29,792	453,935
Investment return, net	(1,573)	-	(1,573)	(645)	-	(645)
Gain on disposal of property and equipment	-	-	-	47,429	-	47,429
Other revenue	33,480	-	33,480	28,600	-	28,600
Net assets released from restrictions	15,639	(15,639)	-	36,336	(36,336)	-
Total Revenues, Gains, and Other Support	1,293,533	(15,639)	1,277,894	1,175,813	(6,544)	1,169,269
Expenses						
Program services	782,691	-	782,691	747,934	-	747,934
Support services						
Management and general	162,649	-	162,649	157,847	-	157,847
Fundraising	22,555	-	22,555	16,881	-	16,881
Total Expenses	967,895	-	967,895	922,662	-	922,662
CHANGE IN NET ASSETS	325,638	(15,639)	309,999	253,151	(6,544)	246,607
NET ASSETS, BEGINNING OF YEAR	1,075,427	24,585	1,100,012	822,276	31,129	853,405
NET ASSETS, END OF YEAR	<u><u>\$ 1,401,065</u></u>	<u><u>\$ 8,946</u></u>	<u><u>\$ 1,410,011</u></u>	<u><u>\$ 1,075,427</u></u>	<u><u>\$ 24,585</u></u>	<u><u>\$ 1,100,012</u></u>

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

NORTHWOODS WOMEN, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2021 and 2020

	2021			
	Program Services	Management and General	Fundraising	Total
Salaries and benefits	\$ 500,958	\$ 82,392	\$ 14,264	\$ 597,614
Fees for services	-	26,594	-	26,594
Advertising and promotion	845	2,533	828	4,206
Office expenses	13,616	10,642	1,350	25,608
Occupancy	37,750	20,199	1,702	59,651
Travel and transportation	18,123	-	-	18,123
Conferences, conventions, and meetings	1,761	138	-	1,899
Interest expense	8,691	5,327	-	14,018
Depreciation	63,955	9,538	-	73,493
Insurance	19,090	4,735	293	24,118
Supplies	117,902	-	3,989	121,891
Other	-	551	129	680
TOTAL	\$ 782,691	\$ 162,649	\$ 22,555	\$ 967,895

	2020			
	Program Services	Management and General	Fundraising	Total
Salaries and benefits	\$ 491,010	\$ 86,397	\$ 13,961	\$ 591,368
Fees for services	200	16,415	-	16,615
Advertising and promotion	1,034	3,103	-	4,137
Office expenses	10,200	13,362	1,344	24,906
Occupancy	35,636	18,182	68	53,886
Travel and transportation	9,321	-	3	9,324
Conferences, conventions, and meetings	975	-	-	975
Interest expense	10,910	6,686	-	17,596
Depreciation	61,495	9,215	-	70,710
Insurance	14,330	3,980	231	18,541
Supplies	112,823	-	1,161	113,984
Other	-	507	113	620
TOTAL	\$ 747,934	\$ 157,847	\$ 16,881	\$ 922,662

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

NORTHWOODS WOMEN, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 309,999	\$ 246,607
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Contributions restricted for long-term purposes	-	(27,405)
Gain from extinguishment of debt	(105,525)	(86,247)
Noncash donated investments	(90,539)	(85,737)
Noncash donated property and equipment	-	(900)
Proceeds from sale of donated investments	69,224	81,663
Gain on sale of real estate held for sale	-	(47,429)
Realized and unrealized investment losses	2,848	1,943
Depreciation	73,493	70,710
Net operating changes in		
Grants and contributions receivable	(167,609)	(117,125)
Other receivables	3,257	(3,665)
Prepaid expense	(1,691)	(951)
Accounts payable	3,046	(71,998)
Accrued expenses and other liabilities	7,915	5,682
Net Cash Provided (Used) by Operating Activities	<u>104,418</u>	<u>(34,852)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of certificates of deposit	(934)	(967)
Redemption of certificates of deposit	-	3,680
Purchase of investments	(3,916)	-
Proceeds from sale of real estate held for sale	-	72,736
Acquisition of property and equipment	(19,269)	(47,555)
Net Cash Provided (Used) by Investing Activities	<u>(24,119)</u>	<u>27,894</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net borrowings (payments) on short-term notes payable	(34,923)	32,231
Borrowings on long-term debt	105,525	86,247
Payments on long-term debt	(124,301)	(69,107)
Proceeds from contributions restricted for purchase of property and equipment	-	27,405
Net Cash Provided (Used) by Financing Activities	<u>(53,699)</u>	<u>76,776</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	26,600	69,818
BEGINNING CASH AND CASH EQUIVALENTS	<u>280,296</u>	<u>210,478</u>
ENDING CASH AND CASH EQUIVALENTS	<u><u>\$ 306,896</u></u>	<u><u>\$ 280,296</u></u>
NON-CASH DISCLOSURE		
Investments acquired through donation	\$ 90,539	\$ 85,737
Short-term notes payable refinanced into long-term debt	-	175,000
Property and equipment acquired through in-kind contributions	-	900
SUPPLEMENTAL DISCLOSURE		
Interest paid	14,001	17,596
Net changes in short-term notes payable include		
Borrowings	-	42,327
Repayments	34,923	10,096

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

NORTHWOODS WOMEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Northwoods Women, Inc. (the Organization) serves victims of domestic violence and sexual assault by providing 24-hour emergency shelter, food and other assistance, legal and institutional advocacy, therapeutic and supportive individual and group counseling, toll-free crisis and referral line, transportation, and crime victim assistance.

The following is a summary of significant accounting policies followed in the preparation of these financial statements:

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors or grantors: net assets without donor restrictions and net assets with donor restrictions.

Measure of Operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities, as applicable. Operating activities consist of those items attributable to the Organization's ongoing program services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates, and those differences could be material.

NORTHWOODS WOMEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institution believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced, nor does it anticipate, any losses with respect to such accounts. Credit risk associated with grants receivable and contributions receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and organizations supportive of our mission. Investments are monitored by the Organization and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Organization believes that the investment policies and guidelines are prudent for the long-term.

Cash, Cash Equivalents, and Restricted Cash

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Grants and Contributions Receivable

Grants and contributions receivable consist primarily of noninterest-bearing amounts due for client services from grant awards and unconditional promises to give.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities.

The Organization determines the allowance for uncollectible grants receivable and unconditional promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Grants receivable and unconditional promises to give are written off when deemed uncollectible. At December 31, 2021 and 2020, an evaluation of the aging and collectability of receivables indicated that no allowance was necessary.

NORTHWOODS WOMEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments are reported at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Investments consist of common stocks, and fair value is based on quoted prices in active markets (all Level 1 measurements). Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

Property and Equipment

Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation and amortization are computed using the straight-line method over the lesser of the estimated useful lives of the assets ranging from 5 to 40 years, or in the case of capitalized leased assets or leasehold improvement, the lesser of the useful life of the asset or the lease term. The Organization's policy is to capitalize renewals and betterments acquired for greater than \$1,500 and expense normal repairs and maintenance as incurred. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. The Organization's management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recoverable from the estimated future cash flows expected to result from their use and eventual disposition.

NORTHWOODS WOMEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

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

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for general operations and capital improvements.

Net Assets With Donor Restrictions

Net assets subject to donor (or certain grantor) imposed restrictions. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where by the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue and Revenue Recognition

The Organization recognizes revenue from exchange transactions, primarily contract services, as the services are provided. Rental revenues are recognized evenly over the life of the lease.

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Donated investments are recorded as contributions at their fair values at the date of donation. Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions. Federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Consequently, at December 31, 2021 and 2020, conditional contributions approximating \$250,000 and \$271,000, for which no amounts have been received in advance, have not been recognized in the accompanying financial statements.

NORTHWOODS WOMEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to the Organization's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Organization records donated professional services at the respective fair values of the services received on the date of contribution.

Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, which are allocated on the basis of estimates of time and effort, as well as fees for services, advertising and promotion, office expenses, occupancy, travel and transportation, conferences, conventions, and meetings, interest expense, depreciation, insurance, supplies, and other, which are allocated on the basis of estimates of use/purpose.

Advertising

The Organization expenses advertising costs as they are incurred.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and similar state provisions, though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

NORTHWOODS WOMEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Paycheck Protection Program Loans

The Organization was issued a note payable under the U.S. Federal Government Coronavirus Aid, Relief, and Economic Security Act that, among other economic stimulus measures, established the Paycheck Protection Program (PPP) to provide small business loans. In April 2020, the Organization obtained a PPP loan, through Associated Bank, for \$86,247. In January 2021, the Organization obtained a second PPP loan, through Northern State Bank, for \$105,525. The Organization believes it used all of the proceeds from the notes for qualifying expenses. Forgiveness has been awarded by the Small Business Administration (SBA) in 2021 for the \$105,525 loan and 2020 for the \$86,247 loan, and accordingly, \$105,525 and \$86,247 of loan forgiveness was included with government grants revenue on the statements of activities for the years ended December 31, 2021 and 2020, respectively.

Subsequent Events Consideration

Management has evaluated subsequent events through June 27, 2022, the date on which the financial statements were available to be issued. Management has determined that there were no material events that would require recognition or disclosure in the Organization's financial statements through this date.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

NORTHWOODS WOMEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 2 – AVAILABILITY AND LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position consists of the following at December 31:

	2021	2020
Financial assets at year end		
Cash and cash equivalents	\$ 306,896	\$ 280,296
Certificates of deposit	99,448	98,514
Investments	24,514	2,131
Grants receivable	359,372	191,763
Other receivables	408	3,665
Total financial assets	<u>790,638</u>	<u>576,369</u>
Less amounts not available to be used within one year		
Time restrictions		
Certificates of deposit maturing in greater than one year	-	88,138
Purpose restrictions		
Contributions restricted for salaries and data processing system	8,946	14,261
Contributions restricted for playground	-	10,324
Total amounts not available to be used within one year	<u>8,946</u>	<u>112,723</u>

**FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES
OVER THE NEXT TWELVE MONTHS**

<u>\$ 781,692</u>	<u>\$ 463,646</u>
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As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations become due. As part of its liquidity plan, excess cash is invested in money market accounts and certificates of deposit. The Organization has a line of credit amounting to \$70,000 available to meet cash flow needs.

NOTE 3 – CERTIFICATES OF DEPOSIT

Certificates of deposit totaling \$99,448 at December 31, 2021 (\$98,514 at December 31, 2020) are included in certificates of deposit in the accompanying financial statements. The certificates bear interest ranging from 0.03% to 1.15% at December 31, 2021 (0.03% to 1.15% - 2020) and have initial maturities ranging from six months to five years, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

NORTHWOODS WOMEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 4 – PROPERTY AND EQUIPMENT

Cost of property and equipment as of December 31 consists of the following:

	<u>2021</u>	<u>2020</u>
Land and improvements	\$ 138,643	\$ 138,643
Buildings and improvements	767,678	755,727
Equipment	146,313	127,642
Construction in progress	<u>-</u>	<u>11,353</u>
	1,052,634	1,033,365
Accumulated depreciation	<u>(175,859)</u>	<u>(102,366)</u>
TOTAL	<u><u>\$ 876,775</u></u>	<u><u>\$ 930,999</u></u>

Depreciation expense on property and equipment amounted to \$73,493 and \$70,710 for the years ended December 31, 2021 and 2020, respectively.

NOTE 5 – SHORT-TERM NOTES PAYABLE

The Organization has a \$70,000 line of credit with Bremer Bank, N.A. The loan is secured by the certificates of deposit held at Bremer Bank, N.A. The variable rate of interest at December 31, 2021 is 5.50% (6.25% - 2020). The maturity date is November 2, 2022. The outstanding balance at December 31, 2021 and 2020 is \$0 and \$34,923, respectively.

NORTHWOODS WOMEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 6 – LONG-TERM DEBT

Long-term indebtedness as of December 31 is as follows:

	<u>2021</u>	<u>2020</u>
4.25% variable rate mortgage note payable - Northern State Bank, payable monthly at \$1,767 including interest, matures on October 15, 2040, secured by a mortgage and real estate owned by the Organization	\$ 158,099	\$ 282,400
Interest-free loan - City of Ashland, no maturity date or payment term stated	<u>50,000</u>	<u>50,000</u>
	208,099	332,400
Current portion	<u>(14,774)</u>	<u>(9,387)</u>
TOTAL	<u>\$ 193,325</u>	<u>\$ 323,013</u>

The Organization received a building from the City of Ashland for purposes of carrying out their mission of providing services and resources to families of domestic violence and sexual assault. In the event that the Organization were to cease operations or sell the building, the Organization would be required to pay back the estimated initial investment to the City of Ashland. Accordingly, a loan representing the initial investment of \$50,000 is reflected in the financial statements. As noted above, the loan bears no interest and has no future maturity date. The Organization purchased a new building and sold the building that they received from the City of Ashland in 2020. The City of Ashland agreed that the Organization can utilize the initial investment of \$50,000 for the new building as long as operations continue.

Principal amounts due on long-term debt in each of the next five years are as follows: 2022 - \$14,774; 2023 - \$15,414; 2024 - \$16,082; 2025 - \$16,779; and 2026 - \$17,506.

NORTHWOODS WOMEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 7 – NET ASSETS

Net assets with donor restrictions are as follows for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Specific purpose		
Salaries and data processing system	\$ 8,946	\$ 14,261
Playground	<u>-</u>	<u>10,324</u>
TOTAL	<u>\$ 8,946</u>	<u>\$ 24,585</u>

Net assets without donor restrictions for the years ended December 31 are as follows:

	<u>2021</u>	<u>2020</u>
Undesignated	\$1,373,663	\$1,048,206
Board designated	<u>27,402</u>	<u>27,221</u>
TOTAL	<u>\$1,401,065</u>	<u>\$1,075,427</u>

The Board of Directors designated the nets assets for the purpose of creating financial stability with the Organization. Interest earned from the investments as well as up to 2% of the annual capital therefrom may be remitted to the Organization for the purpose of general operations and capital improvements.

NOTE 8 – DONATED MATERIALS AND SERVICES

During the years ended December 31, 2021 and 2020, the Organization received the following non-cash donations that have been reflected in the financial statements as in-kind contributions revenue:

	<u>2021</u>	<u>2020</u>
Shelter supplies	\$ 81,161	\$ 83,059
Professional services	7,139	520
Fundraising supplies	1,427	-
Property and equipment	<u>-</u>	<u>900</u>
TOTAL	<u>\$ 89,727</u>	<u>\$ 84,479</u>

NORTHWOODS WOMEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 9 – DEFINED CONTRIBUTION PLAN

The Organization has a defined contribution plan covering all employees with at least one year of service. The Organization makes a contribution to the plan each year equal to 9% of all participants' compensation up to a max contribution of \$5,000 per year for each employee. Total expense for the years ended December 31, 2021 and 2020 was \$30,147 and \$35,152, respectively.

NOTE 10 – ECONOMIC DEPENDENCY

Approximately 52% of the Organization's 2021 revenues, gains, and other support are derived from three funding sources (48% from three funding sources 2020). The Organization's ability to operate at the same level of service could be jeopardized in the event any of these organizations were to cease funding the Organization.

SUPPLEMENTARY INFORMATION

NORTHWOODS WOMEN, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2021

Federal Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development Pass-through programs from State of Wisconsin Department of Administration Emergency Solutions Grant Program	14.231		\$ 6,393
U.S. Department of Justice State of Wisconsin Department of Justice Office of Crime Victim Services Victims of Crime Act	16.575		248,149
U.S. Department of Health and Human Services State of Wisconsin Department of Children and Families Family Violence Prevention and Services	93.671		26,067
State of Wisconsin Department of Health Services Temporary Assistance for Needy Families	93.558		538
Social Services Block Grant	93.667		<u>1,010</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 282,157</u>
State Grantor/Program		State Identifying Number	State Expenditures
State of Wisconsin Department of Health Services CW Children and Families Allocation		435.561	\$ 5,952
State of Wisconsin Department of Children and Families Domestic Violence Basic Services		437-6000	93,639
Domestic Violence Children's Programming		437-6005	31,690
Domestic Violence Support Services		437-6015	25,000
State of Wisconsin Department of Justice Office of Crime Victim Services Sexual Assault Victim Services		455.505	<u>39,021</u>
TOTAL EXPENDITURES OF STATE AWARDS			<u>\$ 195,302</u>

NORTHWOODS WOMEN, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2021

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards include the federal and state award activity of Northwoods Women, Inc. under programs of the federal and state government for the year ended December 31, 2021. The information in this schedule is presented in accordance with the requirements of the *State Single Audit Guidelines*, the *DHS Audit Guide*, and the *Provider Agency Audit Guide*. Because the schedule presents only a selected portion of the operations, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Northwoods Women, Inc.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Pass-through entity identifying numbers are presented where available.

NOTE 3 – AMOUNTS PROVIDED TO SUBRECIPIENTS

No amounts were provided to subrecipients.

OTHER REQUIRED REPORTS



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, STATE SINGLE AUDIT GUIDELINES, THE DHS AUDIT GUIDE, AND THE PROVIDER AGENCY AUDIT GUIDE*

To the Board of Directors
Northwoods Women, Inc.
Ashland, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, *State Single Audit Guidelines*, the *DHS Audit Guide*, and the *Provider Agency Audit Guide*, 2021 revision, the financial statements of Northwoods Women, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, 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 June 27, 2022.

Report on 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.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 21-2 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 21-1 to be a significant deficiency.

Report on Compliance and Other Matters

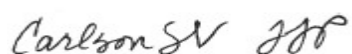
As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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, State Single Audit Guidelines, the DHS Audit Guide, or the Provider Agency Audit Guide, 2021 revision.

Organization's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Amery, Wisconsin
June 27, 2022

NORTHWOODS WOMEN, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended December 31, 2021

The prior audit contained two findings:

- 20-1. Due to the relatively small number of people employed in administrative functions, ideal segregation of duties cannot be achieved. This is not unusual for an organization this size; however, the lack of segregation of duties increases the risk of fraud related to misappropriation of assets, financial statement misstatement, or both. The Board of Directors and management should constantly be aware of this condition. It is the responsibility of management and those charged with governance to make the decision to accept the degree of risk associated with this condition because of cost or other considerations. While it may not be cost effective to justify implementing a full segregation of duties for an extensive system of internal control in all areas, it is important that management and those charged with governance are aware that some weaknesses may exist and that they should continue to apply diligent oversight and monitoring activities.

This finding was again noted for the current year.

- 20-2. During the course of the audit, adjusting journal entries were made that had a material effect on the Organization's financial statements. Although management and staff were aware that some of these entries would be necessary, there were also adjustments that were the result of audit procedures performed.

This finding was again noted for the current year.

NORTHWOODS WOMEN, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2021

A. Summary of Auditor's Results

Financial Statements

- | | |
|--|------------|
| 1. Type of auditor's report issued? | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| 3. Noncompliance material to the financial statements noted? | No |

B. Financial Statement Findings

Significant Deficiency

21-1. Inadequate Segregation of Duties

Condition – The Organization lacks segregation of duties with respect to its accounting and journal entry systems and procedures.

Criteria – The internal control structure should provide for proper segregation of duties.

Cause – Due to the relatively small number of people employed in administrative functions, ideal segregation of duties cannot be achieved.

Effect – Material misstatements could occur within the accounting data and not be detected on a timely basis.

Recommendation – The Organization's small accounting department limits the extent of segregation of duties, however the Organization should remain aware that no one individual should have overlapping responsibilities relative to custodianship, authorization, and/or recordkeeping.

Views of Responsible Officials and Planned Corrective Actions – The Organization has made several improvements to the processes in its Financial Procedures Manual, which is on its website ndshelter.org, and will annually evaluate its financial duties and procedures to make changes when deemed appropriate.

- Improved segregation of duties by increasing oversight staff from two to three people.
- Adopted stricter processes for managing donation deposits, staff credit cards, purchasing, payroll checks/taxes.
- Developed more detailed internal audit processes performed by Board/Finance Committee members.
- Developed succinct financial reports for Board member meetings, focused on clarity of cash position, review of bank statements and reconciled bank balances, and monitoring for interruption of pre-numbered checks and receipt numbers.

NORTHWOODS WOMEN, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2021

B. Financial Statement Findings (Continued)

Material Weakness

21-2. Audit Adjustments

Condition – The year-end financial statements that management prepared and presented to us to audit contained a number of balances requiring audit adjustments.

Criteria – The internal control structure should identify and correct all necessary material adjustments that need to be made in order for the financial statements to be materially correct.

Cause – The Organization’s closing procedures do not include reconciliations of all material accounts.

Effect – Material misstatements could occur within the accounting data and not be detected on a timely basis.

Recommendation – The year-end closing process should include a reconciliation of all significant financial statement accounts to supporting documentation. The Organization’s accounting department should review and compare its financial statements to its prior year audited report so as to identify any significant differences and/or material adjustments that need to be made before submittal to its auditors.

Views of Responsible Officials and Planned Corrective Actions – The Organization will continue to review its financial statements thoroughly each year and make any identified changes to its financial statements timely.

C. Federal and State Award Findings and Questioned Costs

No matters were reported.

NORTHWOODS WOMEN, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2021

D. Other Issues

1. Does the auditor's 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, non-material noncompliance, questioned costs, material weakness, reportable condition, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*, the *DHS Audit Guide*, and the *Provider Agency Audit Guide*:
 - Department of Children and Families No
 - Department of Health Services No
 - Department of Justice No
3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? No
4. Name and signature of Partner: Margo A. Rosen, CPA *Margo A Rosen, CPA*
4. Date of report: June 27, 2022