

NORTHWOODS WOMEN, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Years Ended December 31, 2016 and 2015

NORTHWOODS WOMEN, INC.

ORGANIZATION

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

OFFICERS, DIRECTORS, AND MANAGEMENT

Tom Potterton	Ashland, Wisconsin	President
Jeffery Muse	Ashland, Wisconsin	Vice President
Kerry Hill	Ashland, Wisconsin	Secretary
Stephanie Cech	Ashland, Wisconsin	Treasurer
Charlotte Bray	Ashland, Wisconsin	Director
Janet Hilts	Ashland, Wisconsin	Director
Anne Miller	Ashland, Wisconsin	Director
Darrell Miller	Ashland, Wisconsin	Director
Ashley Moore	Ashland, Wisconsin	Director
Shari Nutt	Ashland, Wisconsin	Director
Amy O'Donahue	Ashland, Wisconsin	Director
Kent Seldal	Ashland, Wisconsin	Director
Kathy Roper	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 Financial Statements

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, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northwoods Women, Inc. as of December 31, 2016 and 2015, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 12 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying supplementary information on page 13 is presented for purposes of additional analysis as required by *State Single Audit Guidelines*, and is also 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 19, 2017, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northwoods Women, Inc.'s internal control over financial reporting and compliance.

Carlson & Company LLP

Amery, Wisconsin
June 19, 2017

NORTHWOODS WOMEN, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2016 and 2015

ASSETS

	2016	2015
CURRENT ASSETS		
Cash and cash equivalents	\$ 175,344	\$ 121,861
Certificates of deposit	27,528	12,198
Grants receivable	68,884	34,964
Prepaid expense	14,686	13,711
Total Current Assets	286,442	182,734
 OTHER ASSETS		
Certificates of deposit	73,291	87,610
 PROPERTY AND EQUIPMENT		
Property and equipment	71,092	65,595
Less accumulated depreciation	38,562	35,775
Property and Equipment, Net	32,530	29,820
 TOTAL ASSETS	\$ 392,263	\$ 300,164
LIABILITIES AND NET ASSETS		
 CURRENT LIABILITIES		
Accounts payable	\$ 4,319	\$ 3,352
Accrued expenses and other liabilities	19,055	25,905
Deferred revenue	5,522	4,958
Total Current Liabilities	28,896	34,215
 LONG-TERM DEBT	50,000	50,000
Total Liabilities	78,896	84,215
 NET ASSETS		
Unrestricted Net Assets		
Undesignated	280,863	184,180
Board designated	32,004	31,769
Total Unrestricted Net Assets	312,867	215,949
Temporarily Restricted Net Assets	500	-
Total Net Assets	313,367	215,949
 TOTAL LIABILITIES AND NET ASSETS	\$ 392,263	\$ 300,164

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

NORTHWOODS WOMEN, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2016 and 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues, Gains, and Other Support						
Grants and contributions	\$ 210,254	\$ 500	\$ 210,754	\$ 158,598	\$ -	\$ 158,598
State of Wisconsin	389,630	-	389,630	261,559	-	261,559
Other governmental units	8,500	-	8,500	9,500	-	9,500
Fundraising income	64,554	-	64,554	65,634	-	65,634
Investment income	1,114	-	1,114	1,005	-	1,005
Other income	55,003	-	55,003	33,997	-	33,997
Total Revenues, Gains, and Other Support	729,055	500	729,555	530,293	-	530,293
Expenses						
Program services	476,229	-	476,229	336,108	-	336,108
Supporting services						
Management and general	108,239	-	108,239	93,540	-	93,540
Fundraising	47,669	-	47,669	53,270	-	53,270
Total Expenses	632,137	-	632,137	482,918	-	482,918
CHANGE IN NET ASSETS	96,918	500	97,418	47,375	-	47,375
NET ASSETS, BEGINNING OF YEAR	215,949	-	215,949	168,574	-	168,574
NET ASSETS, END OF YEAR	\$ 312,867	\$ 500	\$ 313,367	\$ 215,949	\$ -	\$ 215,949

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

NORTHWOODS WOMEN, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 97,418	\$ 47,375
Adjustments to reconcile change in net assets to net cash provided from operating activities		
Depreciation	2,787	2,274
Net operating changes in		
Grants receivable	(33,920)	10,605
Other receivable	-	11,000
Prepaid expense	(975)	(953)
Accounts payable	967	(2,113)
Accrued expenses and other liabilities	(6,850)	12,139
Deferred revenue	564	(683)
Net Cash Provided from Operating Activities	59,991	79,644
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(1,011)	(4,463)
Acquisition of property and equipment	(5,497)	(1,500)
Net Cash Used from Investing Activities	(6,508)	(5,963)
 NET INCREASE IN CASH AND CASH EQUIVALENTS	53,483	73,681
 BEGINNING CASH AND CASH EQUIVALENTS	121,861	48,180
 ENDING CASH AND CASH EQUIVALENTS	\$ 175,344	\$ 121,861

NORTHWOODS WOMEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016 and 2015

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 Accounting

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

Basis of Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances, however, actual results could differ from those estimates.

Donated Assets

The Organization receives donated food, household items, and supplies which are recorded at their fair values at the date of donation. The value of the donated items is recorded as in-kind revenue. The value of the in-kind donations is recorded as contributions in the financial statements for the years ended December 31, 2016 and 2015. The amount of the in-kind donations was \$72,334 and \$41,724, respectively.

Donated Services

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs, campaign solicitations, and various committee assignments. The Organization received more than 2,102 volunteer hours during the year.

NORTHWOODS WOMEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016 and 2015

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

Concentration of Risk

The Organization maintains its cash and temporary investments in financial institutions which, at times, may exceed federally insured limits. Accounts are guaranteed up to specified limits. The Organization has not experienced any losses in such accounts.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Certificates of Deposit#

Certificates of deposit are valued at cost which approximates fair value.

Grants Receivable

Grants receivable represents the amount expended during the grant period but reimbursed after year-end. Management believes this amount is fully collectible; therefore, no allowance for doubtful accounts is recorded at December 31, 2016 and 2015.

Property and Equipment

All acquisitions of property and equipment in excess of \$1,500 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method over the estimated useful lives of the assets ranging from 5 to 40 years. When property and equipment is sold or retired, any resulting gain or loss is reflected in current operations.

Fair Value of Financial Instruments

The carrying amounts of other current assets and current liabilities approximate fair value because of the terms and relatively short maturity of these financial instruments.

Unrestricted Net Assets

Unrestricted net assets are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. Board designated funds are established by the Organization and represent unrestricted funds which have been set aside for financial stability within the Organization for general operations and capital improvements.

NORTHWOODS WOMEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016 and 2015

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

Temporarily Restricted Net Assets

Temporarily restricted net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The Organization's unspent contributions are reported in this class if the donor limited their use, as are promised contributions that are not yet due.

Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as temporarily restricted net assets if the donor has restricted the use of the property or equipment to a particular program. If donors specify a length of time over which the property or equipment must be used, the restrictions expire evenly over the required period. Absent that type of restriction for use, the Organization considers the restriction met when the assets are placed in service.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from temporarily restricted to unrestricted net assets.

Program Funding and Revenues

Services rendered by the Organization are funded by state and county service contracts, and grants, as available and by private and public support. Revenue from state and county service contracts is recognized in the year it is earned. Grants, contributions, and fundraising income are reported as income in the period received. Northwoods Women, Inc. operates under the direction and approval of a Board of Directors established in accordance with the State of Wisconsin Department of Health Services.

Restricted and Unrestricted Revenue

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

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the schedule of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising

The Organization expenses advertising costs as they are incurred.

NORTHWOODS WOMEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016 and 2015

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

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. However, income from certain activities not directly related to the Organization's tax-exempt purpose would be subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Organization's accounting policy is to present interest and penalties as a component of the provision for income taxes.

The Organization's tax returns are subject to possible examination by taxing authorities. With few exceptions, the tax returns essentially remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

Subsequent Events Consideration

Management has evaluated subsequent events through June 19, 2017, the date on which the financial statements were available to be issued. Except as noted in Note 10, management has determined that there were no other material events that would require recognition or disclosure in the Organization's financial statements through this date.

NOTE 2 – CERTIFICATES OF DEPOSIT

Certificates of deposit totaling \$100,819 at December 31, 2016 (\$99,808 at December 31, 2015) are included in certificates of deposit in the accompanying financial statements. The certificates bear interest ranging from 0.15% to 1.25% at December 31, 2016 (0.10% to 1.25% - 2015) and have initial maturities ranging from twelve 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, 2016 and 2015

NOTE 3 – PROPERTY AND EQUIPMENT

The cost of property and equipment consists of the following at December 31:

	<u>2016</u>	<u>2015</u>
Building	\$ 50,000	\$ 50,000
Building improvements	12,647	7,822
Equipment	8,445	6,273
Construction in progress	-	1,500
	<u>71,092</u>	<u>65,595</u>
Less accumulated depreciation	<u>(38,562)</u>	<u>(35,775)</u>
TOTAL	<u>\$ 32,530</u>	<u>\$ 29,820</u>

Depreciation expense on property and equipment amounted to \$2,787 and \$2,274 for the years ended December 31, 2016 and 2015, respectively.

NOTE 4 – REVOLVING LINE OF CREDIT

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, 2016 is 5.00% (5.00% - 2015). The maturity date is November 5, 2017. The outstanding balance at December 31, 2016 and 2015 is \$0 and \$0, respectively.

NOTE 5 – LONG-TERM DEBT

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 ceases operations or sells 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. The loan bears no interest and has no future maturity date.

NORTHWOODS WOMEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 6 – DESIGNATED NET ASSETS

The Organization’s board of directors has chosen to place the following limitations on unrestricted net assets:

	2016	2015
GENERAL OPERATIONS AND CAPITAL IMPROVEMENTS	\$ 32,004	\$ 31,769

The Board of Directors designated the net assets for the purpose of creating financial stability within 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 7 – RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	2016	2015
BUILDING FUND	\$ 500	\$ -

NOTE 8 – FUNDRAISING

The Organization sponsors various fundraising activities throughout the year. For the year ended December 31, 2016, these activities generated \$64,554 in revenue with costs totaling \$47,669, resulting in net fundraising income of \$16,885. For the year ended December 31, 2015, these activities generated \$65,634 in revenue with costs totaling \$53,270, resulting in net fundraising income of \$12,364. Activities included a variety of fundraising events.

NOTE 9 – DEFINED CONTRIBUTION PLAN

The Organization implemented a defined contribution plan in 2016 covering all employees with at least 1 year of service. Employees don’t contribute to the plan. 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, 2016 and 2015 was \$27,394 and \$0, respectively.

NOTE 10 –ACCEPTED OFFER TO PURCHASE OF BUILDING

On June 9, 2017, the Organization received an accepted offer to purchase a new building. The purchase price of the building is \$300,000 and the purchase is contingent upon the Organization’s ability to obtain financing, a satisfactory appraisal, a satisfactory building inspection, and the seller providing new lease agreements with current tenants.

SUPPLEMENTARY INFORMATION

NORTHWOODS WOMEN, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2016 and 2015

	2016				2015			
	Program Services	Supporting Services		Total	Program Services	Supporting Services		Total
		Management and General	Fundraising			Management and General	Fundraising	
Salaries	\$ 295,036	\$ 56,811	\$ -	\$ 351,847	\$ 223,299	\$ 58,965	\$ -	\$ 282,264
Fringe benefits and payroll	53,334	12,719	-	66,053	20,969	7,524	-	28,493
Insurance	16,454	3,327	-	19,781	15,265	3,322	-	18,587
Telephone	1,245	2,313	-	3,558	3,658	406	-	4,064
Utilities	3,018	5,604	-	8,622	7,204	800	-	8,004
Supplies	66,498	8,802	11,128	86,428	27,020	6,732	21,380	55,132
Postage	-	947	126	1,073	-	1,219	-	1,219
Depreciation	2,787	-	-	2,787	2,274	-	-	2,274
Maintenance and repairs	10,946	-	-	10,946	4,406	-	32	4,438
Travel	15,346	-	-	15,346	11,972	-	14	11,986
Training and workshop	1,499	-	-	1,499	866	-	-	866
Food	4,713	-	-	4,713	4,394	-	-	4,394
Printing	297	-	-	297	398	-	-	398
Advertising	-	4,786	-	4,786	6,324	-	471	6,795
Professional services	-	11,235	-	11,235	-	13,732	-	13,732
Equipment	2,347	-	-	2,347	2,636	-	-	2,636
Fundraising	-	-	36,163	36,163	-	-	31,247	31,247
Other	2,709	1,695	252	4,656	5,423	840	126	6,389
TOTAL	\$ 476,229	\$ 108,239	\$ 47,669	\$ 632,137	\$ 336,108	\$ 93,540	\$ 53,270	\$ 482,918

OTHER REQUIRED REPORTS

NORTHWOODS WOMEN, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2016

<u>Federal Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development State of Wisconsin Department of Commerce Emergency Solutions Grant	14.231		\$ 13,058
U.S. Department of Justice State of Wisconsin Department of Justice, Office of Crime Victim Services Victims of Crime Act	16.575		140,337
State of Wisconsin Department of Justice, Office of Crime Victim Services STOP Violence Against Women Act	16.588		45,506
U.S. Department of Health and Human Services State of Wisconsin Department of Children and Families Family Violence Prevention and Services	93.671		17,902
State of Wisconsin Health Services Temporary Assistance for Needy Families	93.558		526
Social Services Block Grant	93.667		991
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 218,320

<u>State Grantor/Program</u>	<u>State Identifying Number</u>	<u>State Expenditures</u>
State of Wisconsin Health Services CW Children and Families Allocation	435.561	\$ 5,983
State of Wisconsin Department of Children and Families Domestic Violence Basic Services	437-6000	82,511
Domestic Violence Children's Programming	437-6005	25,204
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	40,112
TOTAL EXPENDITURES OF STATE AWARDS		\$ 178,810

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2016

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards includes the federal and state award activity of Northwoods Women, Inc. under programs of the federal and state government for the year ended December 31, 2016. The information in this schedule is presented in accordance with the requirements of the *State Single Audit Guidelines* and the *DHS 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

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.

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*, 1999 revision, the financial statements of Northwoods Women, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 19, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify finding 16-1 described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency.

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, non-compliance 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 non-compliance 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*, 1999 revision.

Organization's Response to Findings

The Organization's response to the finding identified in our audit is 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 it.

Purpose of this Report

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



Amery, Wisconsin
June 19, 2017

NORTHWOODS WOMEN, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended December 31, 2016

The prior audit contained one finding:

- 15-1. 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.

NORTHWOODS WOMEN, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2016

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? | No |
| 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 Deficiencies

16-1. 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 will continue to evaluate its duties and financial statements on a regular basis so as to make changes when deemed appropriate.

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, 2016

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 Commerce 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

5. Date of report: June 19, 2017