

NORTHWOODS WOMEN, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Years Ended December 31, 2015 and 2014

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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
Angie Schoepach	Ashland, Wisconsin	Vice President
Leslie Cooper-Dinsmore	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
Jeffrey Muse	Ashland, Wisconsin	Director
Amy O'Donahue	Ashland, Wisconsin	Director
Kathy Roper	Ashland, Wisconsin	Executive Director

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, 2015 and 2014, and the related Statements of Activities and Cash Flows for the years then ended, and the related Notes to 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northwoods Women, Inc. as of December 31, 2015 and 2014, 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

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, as required by the *State Single Audit Guidelines*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2016, 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 Highland & Co; SPO

Amery, Wisconsin
June 21, 2016

NORTHWOODS WOMEN, INC.
STATEMENTS OF FINANCIAL POSITION

December 31, 2015 and 2014

ASSETS

	<i>2015</i>	<i>2014</i>
CURRENT ASSETS		
Cash and cash equivalents	\$ 121,861	\$ 48,180
Certificates of deposit	12,198	29,022
Grants receivable	34,964	45,569
Other receivable	-	11,000
Prepaid expense	13,711	12,758
Total Current Assets	182,734	146,529
OTHER ASSETS		
Certificates of deposit	87,610	66,323
PROPERTY AND EQUIPMENT		
Property and equipment	65,595	64,095
Less accumulated depreciation	35,775	33,501
Net Property and Equipment	29,820	30,594
TOTAL ASSETS	\$ 300,164	\$ 243,446

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 3,352	\$ 5,465
Accrued expenses and other liabilities	25,905	13,766
Deferred revenue	4,958	5,641
Total Current Liabilities	34,215	24,872
LONG-TERM DEBT	50,000	50,000
Total Liabilities	84,215	74,872
NET ASSETS		
Unrestricted		
Undesignated	184,180	137,003
Board designated	31,769	31,571
Total Net Assets	215,949	168,574
TOTAL LIABILITIES AND NET ASSETS	\$ 300,164	\$ 243,446

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

NORTHWOODS WOMEN, INC.
STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2015 and 2014

	<i>2015</i>			<i>2014</i>		
	<i>Unrestricted</i>		<i>Total</i>	<i>Unrestricted</i>		<i>Total</i>
	<i>Undesignated</i>	<i>Board Designated</i>		<i>Undesignated</i>	<i>Board Designated</i>	
Revenues, Gains and Other Support						
Grants and contributions	\$ 158,598	\$ -	\$ 158,598	\$ 181,569	\$ 3,500	\$ 185,069
State of Wisconsin	261,559	-	261,559	265,968	-	265,968
Other governmental units	9,500	-	9,500	9,000	-	9,000
Fundraising income	65,634	-	65,634	76,188	-	76,188
Investment income	807	198	1,005	773	196	969
Other income	33,997	-	33,997	6,019	-	6,019
Total Revenues, Gains and Other Support	<u>530,095</u>	<u>198</u>	<u>530,293</u>	<u>539,517</u>	<u>3,696</u>	<u>543,213</u>
Expenses						
Program services	336,108	-	336,108	344,846	-	344,846
Supporting services						
Management and general	93,540	-	93,540	84,810	-	84,810
Fundraising	53,270	-	53,270	47,097	-	47,097
Total Expenses	<u>482,918</u>	<u>-</u>	<u>482,918</u>	<u>476,753</u>	<u>-</u>	<u>476,753</u>
CHANGE IN NET ASSETS	47,177	198	47,375	62,764	3,696	66,460
NET ASSETS, BEGINNING OF YEAR	<u>137,003</u>	<u>31,571</u>	<u>168,574</u>	<u>74,239</u>	<u>27,875</u>	<u>102,114</u>
NET ASSETS, END OF YEAR	<u>\$ 184,180</u>	<u>\$ 31,769</u>	<u>\$ 215,949</u>	<u>\$ 137,003</u>	<u>\$ 31,571</u>	<u>\$ 168,574</u>

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

NORTHWOODS WOMEN, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 47,375	\$ 66,460
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	2,274	1,694
Gain on disposal of property and equipment	-	(6,019)
In-kind building improvement donation	-	(2,749)
Net operating changes in		
Grants receivable	10,605	(15,041)
Other receivable	11,000	-
Prepaid expense	(953)	(1,612)
Accounts payable	(2,113)	1,896
Accrued expenses and other liabilities	12,139	(4,741)
Deferred revenue	(683)	(8,539)
Net Cash Provided from Operating Activities	<u>79,644</u>	<u>31,349</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(4,463)	(951)
Acquisition of property and equipment	(1,500)	(2,514)
Proceeds from disposal of property and equipment	-	6,551
Net Cash Provided (Used) from Investing Activities	<u>(5,963)</u>	<u>3,086</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net change in short-term financing	<u>-</u>	<u>(33,600)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	73,681	835
BEGINNING CASH AND CASH EQUIVALENTS	<u>48,180</u>	<u>47,345</u>
ENDING CASH AND CASH EQUIVALENTS	<u><u>\$ 121,861</u></u>	<u><u>\$ 48,180</u></u>
SUPPLEMENTAL DISCLOSURE		
Interest paid	\$ -	\$ 869
Net changes in short-term financing include		
Borrowings	\$ -	\$ 95,512
Repayments	\$ -	\$ 129,112

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

NORTHWOODS WOMEN, INC.
NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

(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 is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. 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, 2015 and 2014. The amount of the in-kind donations was \$41,724 and \$76,300, 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 1,473 volunteer hours during the year.

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.

NORTHWOODS WOMEN, INC.
NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

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

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, 2015 and 2014.

OTHER RECEIVABLE

Other receivable represents the amount estimated to be collected from an insurance claim for 2013 theft losses.

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

The Organization reports assets whose use is not restricted by donors as unrestricted net assets. Contributions are available for unrestricted use unless specifically restricted by the donor. 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.

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.

NORTHWOODS WOMEN, INC.
NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

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

CONTRIBUTIONS

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

INCOME TAX STATUS

The Organization is a nonprofit organization that is exempt from income taxes 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. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) of the Code.

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.

DATE OF MANAGEMENT'S REVIEW

Management has evaluated subsequent events through June 21, 2016, the date on which the financial statements were available to be issued.

NORTHWOODS WOMEN, INC.
NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

(2) **CERTIFICATES OF DEPOSIT**

Certificates of deposit totaling \$99,808 at December 31, 2015 (\$95,345 at December 31, 2014) are included in certificates of deposit in the accompanying financial statements. The certificates bear interest ranging from 0.10% to 1.25% at December 31, 2015 (0.15% to 1.25% at December 31, 2014) 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.

(3) **PROPERTY AND EQUIPMENT**

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

	<i>2015</i>	<i>2014</i>
Building	\$ 50,000	\$ 50,000
Building improvements	7,822	7,822
Equipment	6,273	6,273
Construction in progress	1,500	-
	65,595	64,095
Less accumulated depreciation	(35,775)	(33,501)
Total	\$ 29,820	\$ 30,594

Construction in progress relates to the purchase and installation of two new doors. The doors have an estimated cost of \$4,825 and are scheduled to be installed by June 30, 2016.

Depreciation expense on property and equipment amounted to \$2,274 and \$1,694 for the years ended December 31, 2015 and 2014, respectively.

(4) **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, 2015 is 5.00% (5.00% 2014). The maturity date is November 5, 2016. The outstanding balance at December 31, 2015 and 2014 is \$0 and \$0, respectively.

NORTHWOODS WOMEN, INC.
NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

(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.

(6) **UNRESTRICTED NET ASSETS**

Certain unrestricted net assets have been designated by the Board of Directors of the Organization for specific purposes as follows:

	<u>2015</u>	<u>2014</u>
General operations and capital improvements	<u>\$ 31,769</u>	<u>\$ 31,571</u>

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.

(7) **FUNDRAISING**

The Organization sponsors various fundraising activities throughout the year. 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. For the year ended December 31, 2014, these activities generated \$76,188 in revenue with costs totaling \$47,097 resulting in net fundraising income of \$29,091. Activities included a variety of fundraising events.

SUPPLEMENTARY INFORMATION

NORTHWOODS WOMEN, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2015 and 2014

	<i>2015</i>				<i>2014</i>			
	<i>Program Services</i>	<i>Supporting Services</i>			<i>Program Services</i>	<i>Supporting Services</i>		
		<i>Management and General</i>	<i>Fundraising</i>	<i>Total</i>		<i>Management and General</i>	<i>Fundraising</i>	<i>Total</i>
Salaries	\$ 223,299	\$ 58,965	\$ -	\$ 282,264	\$ 205,662	\$ 47,504	\$ -	\$ 253,166
Fringe benefits and payroll	20,969	7,524	-	28,493	19,729	5,926	-	25,655
Insurance	15,265	3,322	-	18,587	12,626	3,302	-	15,928
Telephone	3,658	406	-	4,064	3,878	431	-	4,309
Utilities	7,204	800	-	8,004	7,330	815	-	8,145
Supplies	27,020	6,732	21,380	55,132	56,396	4,137	18,204	78,737
Postage	-	1,219	-	1,219	-	1,130	-	1,130
Depreciation	2,274	-	-	2,274	1,694	-	-	1,694
Maintenance and repairs	4,406	-	32	4,438	4,780	-	-	4,780
Travel	11,972	-	14	11,986	12,719	-	-	12,719
Training and workshop	866	-	-	866	1,095	-	-	1,095
Food	4,394	-	-	4,394	3,141	-	-	3,141
Printing	398	-	-	398	4,803	-	-	4,803
Advertising	6,324	-	471	6,795	3,083	-	-	3,083
Professional services	-	13,732	-	13,732	-	19,160	-	19,160
Equipment	2,636	-	-	2,636	1,671	-	-	1,671
Fundraising	-	-	31,247	31,247	-	-	28,893	28,893
Other	5,423	840	126	6,389	6,239	2,405	-	8,644
TOTAL	\$ 336,108	\$ 93,540	\$ 53,270	\$ 482,918	\$ 344,846	\$ 84,810	\$ 47,097	\$ 476,753

NORTHWOODS WOMEN, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2015

<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			
HUD Emergency Shelter Grant	14.231		\$ 11,415
U.S. Department of Justice			
State of Wisconsin Department of Justice Office of Crime Victim Services			
Victims of Crime Act	16.575		31,118
State of Wisconsin Office of Justice Assistance			
STOP Violence Against Women Act	16.588		44,629
U.S. Department of Health and Human Services			
State of Wisconsin Department of Children and Families			
Family Violence Prevention and Services	93.671		34,876
State of Wisconsin Health Services			
Temporary Assistance for Needy Families	93.558		1,175
Social Services Block Grant	93.667		2,090
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 125,303

<u>State Grantor/Program</u>	<u>State Identifying Number</u>	<u>State Expenditures</u>
State of Wisconsin Health Services		
Social Services Block Grant	435.561	\$ 4,235
State of Wisconsin Department of Children and Families		
Domestic Violence Basic Services	437.6000	55,500
Domestic Violence Children's Programming	437.6005	20,000
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	39,021
TOTAL EXPENDITURES OF STATE AWARDS		\$ 143,756

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended December 31, 2015

(1) **BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal and State Awards includes the federal and state grant activity of Northwoods Women, Inc. for the year ended December 31, 2015. 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*, 1999 revision. Because the schedule presents only a selected portion of the operations of Northwoods Women, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Northwoods Women, Inc.

(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.

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*, 1999 revision, the financial statements of Northwoods Women, Inc. (a nonprofit organization), which comprise the Statement of Financial Position as of December 31, 2015, and the related Statements of Activities, and Cash Flows for the year then ended, and the related Notes to Financial Statements, and have issued our report thereon dated June 21, 2016.

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 15-1 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* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carlson Highland & Co., LLP

Amery, Wisconsin
June 21, 2016

NORTHWOODS WOMEN, INC.
STATUS OF PRIOR YEAR AUDIT FINDINGS

For the Year Ended December 31, 2015

The prior audit contained three findings:

14-1. Due to the relatively small size of the Organization's staff, the Organization is not able to attain segregation of duties to the extent required for ideal internal control. This is not unusual in an Organization of this size, and generally it is not economically feasible to provide for complete adherence to the segregation of duties concept.

This finding was again noted for the current year.

14-2. The year-end financial statements that management prepared and presented for audit contained amounts that required adjustment and/or reclassification.

14-3. The Organization terminated the employment of its assistant director in March of 2014 due to allegations of fraud. This individual had been employed with the Organization for 19 years. While researching an EFT payment for the monthly credit card bill, the executive director discovered that the assistant director was using two of the Organization's credit cards to pay for personal expenses going back to January of 2013. During this time, the assistant director was performing the bookkeeping function for the Organization. It is also suspected that the individual stole cash that was collected in the course of fundraising events. The Organization has investigated the extent of the fraud and identified the personal expenses charged to the credit cards. They are currently investigating how much, if any, cash was stolen from fundraising events. The Organization is in the process of evaluating and improving controls over credit card use and the credit card payment process, and improving controls over cash donations at fundraising events. Part of the process may include updating the job descriptions and responsibilities for some positions within the Organization.

NORTHWOODS WOMEN, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2015

A. Summary of Auditor's Results

Financial Statements

- | | |
|--|-------------|
| 1. Type of auditor's report issued? | Unqualified |
| 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

15-1. Segregation of Accounting Duties

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

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

Cause – Segregation of duties is not provided for in the responsibilities of accounting staff throughout the year.

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.

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 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 in a timely manner.

NORTHWOODS WOMEN, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS


For the Year Ended December 31, 2015

C. Other Issues

1. Does the auditor have 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. Signature of Partner in Charge: 

5. Date of report: June 21, 2016