

NORTHWOODS WOMEN, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Years Ended December 31, 2018 and 2017

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
Kerry Hill	Ashland, Wisconsin	Secretary
Jean Wahlquist	Ashland, Wisconsin	Treasurer
Jennifer Douglas	Ashland, Wisconsin	Director
Kent Dumonseau	Ashland, Wisconsin	Director
Debb Joanis	Ashland, Wisconsin	Director
Darrell Miller	Ashland, Wisconsin	Director
Ashley Moore	Ashland, Wisconsin	Director
Tracy Morris	Ashland, Wisconsin	Director
Shari Nutt	Ashland, Wisconsin	Director
Kent Seldal	Washburn, Wisconsin	Director
Patti Skoraczewski	Ashland, Wisconsin	Director
Louise Vernon	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

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, 2018 and 2017, and the related statements of activities, functional expenses, 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, 2018 and 2017, 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 accompanying supplementary information on pages 15 and 16 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 25, 2019, 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.



Amery, Wisconsin
June 25, 2019

NORTHWOODS WOMEN, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2018 and 2017

ASSETS

	2018	2017
CURRENT ASSETS		
Cash and cash equivalents	\$ 199,699	\$ 102,155
Certificates of deposit	8,497	12,253
Grants receivable	55,742	75,655
Contributions receivable	126,600	-
Prepaid expense	37,184	35,348
Total Current Assets	427,722	225,411
OTHER ASSETS		
Certificates of deposit	91,701	88,973
PROPERTY AND EQUIPMENT		
Property and equipment	632,508	353,141
Accumulated depreciation	(54,965)	(43,613)
Property and Equipment, Net	577,543	309,528
TOTAL ASSETS	\$ 1,096,966	\$ 623,912

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 5,838	\$ 14,408
Accrued expenses and other liabilities	29,030	31,680
Short-term notes payable	141,385	15,000
Current portion of long-term debt	6,261	6,000
Deferred revenue	3,061	3,061
Total Current Liabilities	185,575	70,149
LONG-TERM DEBT		
Total Liabilities	226,422	232,572
NET ASSETS		
Without donor restrictions	526,382	321,191
With donor restrictions	158,587	-
Total Net Assets	684,969	321,191
TOTAL LIABILITIES AND NET ASSETS	\$ 1,096,966	\$ 623,912

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

NORTHWOODS WOMEN, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2018 and 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES						
Revenues, Gains, and Other Support						
Grants and contributions	\$ 170,242	\$ 287,797	\$ 458,039	\$ 185,152	\$ 24,677	\$ 209,829
State of Wisconsin	334,120	171,828	505,948	384,643	-	384,643
Other governmental units	8,500	-	8,500	11,000	-	11,000
Fundraising income	53,861	-	53,861	65,181	-	65,181
Investment income	1,005	-	1,005	589	-	589
Other income	28,525	-	28,525	11,086	-	11,086
Net assets released from restrictions	301,038	(301,038)	-	25,177	(25,177)	-
Total Revenues, Gains, and Other Support	897,291	158,587	1,055,878	682,828	(500)	682,328
Expenses						
Program services	490,663	-	490,663	514,013	-	514,013
Supporting services						
Management and general	122,405	-	122,405	102,492	-	102,492
Fundraising	79,032	-	79,032	57,999	-	57,999
Total Expenses	692,100	-	692,100	674,504	-	674,504
CHANGE IN NET ASSETS	205,191	158,587	363,778	8,324	(500)	7,824
NET ASSETS, BEGINNING OF YEAR	321,191	-	321,191	312,867	500	313,367
NET ASSETS, END OF YEAR	\$ 526,382	\$ 158,587	\$ 684,969	\$ 321,191	\$ -	\$ 321,191

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

NORTHWOODS WOMEN, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2018 and 2017

	2018			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 292,496	\$ 60,037	\$ 22,993	\$ 375,526
Fees for services	-	15,008	15,000	30,008
Advertising and promotion	3,941	1,314	1,215	6,470
Office expenses	6,970	10,463	1,622	19,055
Occupancy	30,885	12,170	1,035	44,090
Travel and transportation	11,889	-	203	12,092
Conferences, conventions, and meetings	600	-	-	600
Interest expense	9,299	3,705	-	13,004
Depreciation	6,760	4,592	-	11,352
Insurance	39,908	13,823	613	54,344
Supplies	87,915	-	36,259	124,174
Other	-	1,293	92	1,385
TOTAL	<u>\$ 490,663</u>	<u>\$ 122,405</u>	<u>\$ 79,032</u>	<u>\$ 692,100</u>

	2017			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 347,266	\$ 62,099	\$ -	\$ 409,365
Fees for services	-	12,548	-	12,548
Advertising and promotion	2,816	2,816	870	6,502
Office expenses	8,055	10,840	-	18,895
Occupancy	19,780	6,805	1,250	27,835
Travel and transportation	14,497	-	103	14,600
Conferences, conventions, and meetings	1,396	-	-	1,396
Interest expense	-	2,399	-	2,399
Depreciation	5,051	-	-	5,051
Insurance	32,548	4,985	-	37,533
Supplies	81,720	-	54,977	136,697
Other	884	-	799	1,683
TOTAL	<u>\$ 514,013</u>	<u>\$ 102,492</u>	<u>\$ 57,999</u>	<u>\$ 674,504</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, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 363,778	\$ 7,824
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Contributions restricted for long-term purposes	(262,797)	(24,677)
Depreciation	11,352	5,051
Net operating changes in		
Grants receivable	19,913	(6,771)
Contributions receivable	(126,600)	-
Prepaid expense	(1,836)	(20,662)
Accounts payable	(8,570)	10,089
Accrued expenses and other liabilities	(2,650)	12,625
Deferred revenue	-	(2,461)
Net Cash Used by Operating Activities	(7,410)	(18,982)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(972)	(407)
Proceeds from redemption of investments	2,000	-
Acquisition of property and equipment	(224,503)	(92,049)
Net Cash Used by Investing Activities	(223,475)	(92,456)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Net borrowings on short-term notes payable	71,521	15,000
Payments on long-term debt	(5,889)	(1,428)
Proceeds from contributions restricted for purchase of property and equipment	262,797	24,677
Net Cash Provided by Financing Activities	328,429	38,249
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	97,544	(73,189)
 BEGINNING CASH AND CASH EQUIVALENTS	102,155	175,344
 ENDING CASH AND CASH EQUIVALENTS	\$ 199,699	\$ 102,155
 NON-CASH DISCLOSURE		
Building and land purchase financed through long-term debt	\$ -	\$ 190,000
Property and equipment acquired through short-term note payable	54,864	-
 SUPPLEMENTAL DISCLOSURE		
Interest paid	12,675	2,399
 Net changes in short-term notes payable include		
Borrowings	99,484	15,000
Repayments	27,963	-

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

NORTHWOODS WOMEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018 and 2017

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 financial statements of Northwoods Women, Inc. have been prepared in accordance with U.S. generally accepted accounting principles, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

Net Assets With Donor Restrictions

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

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.

NORTHWOODS WOMEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018 and 2017

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

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Concentration of Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. Accounts are guaranteed up to specified limits. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

Cash and Cash Equivalents

The Organization's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase, except for those amounts that are held in an investment portfolio which are invested for long-term purposes.

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, 2018 and 2017.

Contributions Receivable

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 recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

As of December 31, 2018, the Organization's contributions receivable consisted of unconditional promises to give in the amount of \$126,600, all of which are expected to be collected within one year. There were no contributions receivable as of December 31, 2017.

NORTHWOODS WOMEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018 and 2017

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

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 is calculated using the straight-line method over the lesser of the estimated useful lives of the assets or the lease term. The useful lives range from 5 to 40 years. The Organization's policy is to capitalize renewals and betterments acquired for greater than \$1,500 and expense normal repairs and maintenance as incurred. The Organization's management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered.

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.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. All donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

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.

In-kind Donations

Donated professional services are recorded at their estimated fair value determined on the date of contribution and are reported as contributions in-kind and supporting services on the accompanying statements of activities and statements of functional expenses. No amounts have been reflected in the financial statements for donated services.

Several volunteers have made significant contributions of their time in furtherance of the Organization's mission. These services were not reflected in the accompany statements of activities because they do not meet the necessary criteria for recognition under US GAAP.

NORTHWOODS WOMEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018 and 2017

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

Revenue Recognition

Contributions and grant revenue are recorded as revenue when an unconditional promise to give has been made.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. 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, 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.

Subsequent Events Consideration

Management has evaluated subsequent events through June 25, 2019, 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 have been made to the 2017 financial statements to conform to the current year presentation.

NORTHWOODS WOMEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018 and 2017

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

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

NOTE 2 – AVAILABILITY AND LIQUIDITY

The following represents the Organization’s financial assets at December 31:

Financial assets at year end	2018	2017
Cash and cash equivalents	\$ 199,699	\$ 102,155
Certificates of deposit	100,198	101,226
Grants receivable	55,742	75,655
Contributions receivable	126,600	-
Total financial assets	<u>482,239</u>	<u>279,036</u>
Less amounts not available to be used within one year		
Time restrictions		
Certificates of deposit maturing in greater than one year	91,701	88,973
Purpose restrictions		
Contributions restricted for building construction	148,587	-
Contributions restricted for professional fundraising services	10,000	-
Total amounts not available to be used within the one year	<u>250,288</u>	<u>88,973</u>
FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES OVER THE NEXT TWELVE MONTHS	<u>\$ 231,951</u>	<u>\$ 190,063</u>

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 certificates of deposit. The Organization has two lines of credit amounting to \$90,000 available to meet cash flow needs.

NORTHWOODS WOMEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 3 – CERTIFICATES OF DEPOSIT

Certificates of deposit totaling \$100,198 at December 31, 2018 (\$101,226 at December 31, 2017) are included in certificates of deposit in the accompanying financial statements. The certificates bear interest ranging from 0.15% to 1.80% at December 31, 2018 (0.15% to 1.25% - 2017) 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.

NOTE 4 – PROPERTY AND EQUIPMENT

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

	<u>2018</u>	<u>2017</u>
Buildings	\$260,872	\$260,872
Land	49,973	49,973
Building improvements	103,505	15,797
Equipment	8,445	8,445
Construction in progress	<u>209,713</u>	<u>18,054</u>
	632,508	353,141
Accumulated depreciation	<u>(54,965)</u>	<u>(43,613)</u>
TOTAL	<u>\$577,543</u>	<u>\$309,528</u>

Depreciation expense on property and equipment amounted to \$11,352 and \$5,051 for the years ended December 31, 2018 and 2017, respectively.

At December 31, 2018, construction in progress consists of building improvements on a building the Organization purchased in 2017. The estimated cost of these improvements is \$385,000. The estimated completion date of these improvements is July 2019.

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, 2018 is 6.75% (6.00% - 2017). The maturity date is November 1, 2019. The outstanding balance at December 31, 2018 and 2017 is \$56,000 and \$15,000, respectively.

NORTHWOODS WOMEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 5 – SHORT-TERM NOTES PAYABLE (Continued)

On March 23, 2018 the Organization established a \$20,000 line of credit with Northern State Bank. The loan is secured by the certificates of deposit held at Northern State Bank. The fixed rate of interest is 4.25%. The maturity date is March 23, 2019. The outstanding balance at December 31, 2018 is \$10,000.

The Organization secured a construction loan for \$175,000 on October 15, 2018 with Northern State Bank. The loan is secured by the real estate owned by the Organization. Interest is payable monthly. The fixed rate of interest is 4.75%. The maturity date is July 15, 2019. The outstanding balance at December 31, 2018 is \$55,254.

The Organization financed its commercial insurance policy with AFCO Credit Corporation in 2018. The insurance policy is cancellable in the event of nonpayment. Monthly payment of principal and interest are \$3,437. The fixed rate of interest is 8.35%. The maturity date is July 1, 2019. The outstanding balance at December 31, 2018 is \$20,131.

NOTE 6 – LONG-TERM DEBT

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

	<u>2018</u>	<u>2017</u>
4.75% mortgage note payable - Northern State Bank, payable monthly at \$1,235 including interest, matures on September 15, 2037, secured by a mortgage and real estate owned by the Organization	\$ 182,683	\$ 188,572
Interest-free loan - City of Ashland, no maturity date or payment term stated	50,000	50,000
Current portion	<u>(6,261)</u>	<u>(6,000)</u>
TOTAL	<u>\$ 226,422</u>	<u>\$ 232,572</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 with the intention of selling the old building and 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: 2019 - \$6,261; 2020 - \$6,542; 2021 - \$6,884; 2022 - \$7,218; and 2023 - \$7,570.

NORTHWOODS WOMEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 7 – NET ASSETS

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

	<u>2018</u>	<u>2017</u>
Specific purpose		
Building construction	\$ 148,587	\$ -
Professional fundraising services	10,000	-
TOTAL	<u>\$ 158,587</u>	<u>\$ -</u>

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

	<u>2018</u>	<u>2017</u>
Undesignated	\$ 495,987	\$ 289,039
Board designated	30,395	32,152
TOTAL	<u>\$ 526,382</u>	<u>\$ 321,191</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 – 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, 2018 and 2017 was \$25,538 and \$27,355, respectively.

NOTE 9 – ECONOMIC DEPENDENCY

Approximately 37% of the Organization's 2018 revenues, gains, and other support are derived from two funding sources (36% from two funding sources 2017). The Organization's ability to operate at the same level of service could be jeopardized in the event either of these two 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, 2018

<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 Justice State of Wisconsin Department of Justice Office of Crime Victim Services Victims of Crime Act	16.575		\$ 276,663
U.S. Department of Health and Human Services State of Wisconsin Department of Children and Families Family Violence Prevention and Services	93.671		18,120
State of Wisconsin Department of Health Services Temporary Assistance for Needy Families	93.558		551
Social Services Block Grant	93.667		<u>1,028</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 296,362</u>
		<u>State Identifying Number</u>	<u>State Expenditures</u>
State of Wisconsin Department of Health Services CW Children and Families Allocation		435.561	\$ 5,922
State of Wisconsin Department of Children and Families Domestic Violence Basic Services		437-6000	97,144
Domestic Violence Children's Programming		437-6005	30,000
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	<u>39,021</u>
TOTAL EXPENDITURES OF STATE AWARDS			<u>\$ 197,087</u>

NORTHWOODS WOMEN, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2018

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, 2018. 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 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*, 2019 revision, the financial statements of Northwoods Women, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, 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 25, 2019.

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 Organization’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. However, as described in the accompanying schedule of findings and questioned costs, we identified finding 18-1 that we considered to be a significant deficiency, and finding 18-2 that we considered to be a material weakness.

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* or *State Single Audit Guidelines*.

Organization's Response to Findings

The Organization's response to the findings 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 25, 2019

NORTHWOODS WOMEN, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended December 31, 2018

The prior audit contained one finding:

- 17-1. 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, 2018

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

18-1. 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, 2018

B. Financial Statement Findings (Continued)

Material Weakness

18-2. 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, 2018

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*

5. Date of report: June 25, 2019