

NORTHWOODS WOMEN, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Years Ended December 31, 2019 and 2018

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
Patti Skoraczewski	Ashland, Wisconsin	Vice 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
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, 2019 and 2018, 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 on the previous page present fairly, in all material respects, the financial position of Northwoods Women, Inc. as of December 31, 2019 and 2018, 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.

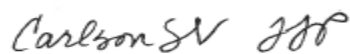
Other Matters

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 18 and 19 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 July 31, 2020, 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
July 31, 2020

NORTHWOODS WOMEN, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2019 and 2018

ASSETS		
	2019	2018
CURRENT ASSETS		
Cash and cash equivalents	\$ 210,478	\$ 199,699
Certificates of deposit	31,499	8,497
Grants receivable	74,638	55,742
Contributions receivable	-	126,600
Prepaid expense	1,813	37,184
Total Current Assets	318,428	427,722
OTHER ASSETS		
Certificates of deposit	69,728	91,701
Real estate held for sale	25,307	-
Total Other Assets	95,035	91,701
PROPERTY AND EQUIPMENT		
Property and equipment	984,910	632,508
Accumulated depreciation	(31,656)	(54,965)
Property and Equipment, Net	953,254	577,543
TOTAL ASSETS	\$ 1,366,717	\$ 1,096,966
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 81,027	\$ 5,838
Accrued expenses and other liabilities	28,086	29,030
Deferred revenue	-	3,061
Short-term notes payable	177,692	141,385
Current portion of long-term debt	6,538	6,261
Total Current Liabilities	293,343	185,575
LONG-TERM DEBT		
Total Liabilities	219,969	226,422
Total Liabilities	513,312	411,997
NET ASSETS		
Without donor restrictions	822,276	526,382
With donor restrictions	31,129	158,587
Total Net Assets	853,405	684,969
TOTAL LIABILITIES AND NET ASSETS	\$ 1,366,717	\$ 1,096,966

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

NORTHWOODS WOMEN, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES						
Revenues, Gains, and Other Support						
Contributions and grants						
Fundraising events	\$ 56,030	\$ -	\$ 56,030	\$ 53,861	\$ -	\$ 53,861
Government grants	371,812	-	371,812	342,620	171,828	514,448
In-kind contributions	64,483	-	64,483	76,621	-	76,621
All other contributions and grants	146,558	188,748	335,306	93,621	287,797	381,418
Investment return, net	9,597	-	9,597	1,005	-	1,005
Loss on disposal of property and equipment	(615)	-	(615)	-	-	-
Other revenue	29,100	-	29,100	28,525	-	28,525
Net assets released from restrictions	316,206	(316,206)	-	301,038	(301,038)	-
Total Revenues, Gains, and Other Support	<u>993,171</u>	<u>(127,458)</u>	<u>865,713</u>	<u>897,291</u>	<u>158,587</u>	<u>1,055,878</u>
Expenses						
Program services	484,367	-	484,367	490,663	-	490,663
Support services						
Management and general	129,680	-	129,680	122,405	-	122,405
Fundraising	83,230	-	83,230	79,032	-	79,032
Total Expenses	<u>697,277</u>	<u>-</u>	<u>697,277</u>	<u>692,100</u>	<u>-</u>	<u>692,100</u>
CHANGE IN NET ASSETS	295,894	(127,458)	168,436	205,191	158,587	363,778
NET ASSETS, BEGINNING OF YEAR	<u>526,382</u>	<u>158,587</u>	<u>684,969</u>	<u>321,191</u>	<u>-</u>	<u>321,191</u>
NET ASSETS, END OF YEAR	<u><u>\$ 822,276</u></u>	<u><u>\$ 31,129</u></u>	<u><u>\$ 853,405</u></u>	<u><u>\$ 526,382</u></u>	<u><u>\$ 158,587</u></u>	<u><u>\$ 684,969</u></u>

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

NORTHWOODS WOMEN, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2019 and 2018

	2019			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 326,576	\$ 73,501	\$ 33,407	\$ 433,484
Fees for services	-	15,330	10,000	25,330
Advertising and promotion	942	2,826	940	4,708
Office expenses	8,149	8,001	1,435	17,585
Occupancy	32,281	12,565	1,120	45,966
Travel and transportation	9,534	-	161	9,695
Conferences, conventions, and meetings	1,279	-	-	1,279
Interest expense	9,544	3,441	-	12,985
Depreciation	15,673	6,824	-	22,497
Insurance	17,572	5,325	825	23,722
Supplies	62,817	-	34,346	97,163
Other	-	1,867	996	2,863
TOTAL	<u>\$ 484,367</u>	<u>\$ 129,680</u>	<u>\$ 83,230</u>	<u>\$ 697,277</u>

	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>

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

NORTHWOODS WOMEN, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 168,436	\$ 363,778
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Contributions restricted for long-term purposes	(38,748)	(262,797)
Noncash donated investments	(166,060)	-
Noncash donated property and equipment	(9,608)	-
Proceeds from sale of donated investments	172,881	-
Loss on disposal of property and equipment	615	-
Gain on sale of donated investments	(6,821)	-
Depreciation	22,497	11,352
Net operating changes in		
Grants receivable	(18,896)	19,913
Contributions receivable	126,600	(126,600)
Prepaid expense	35,371	(1,836)
Accounts payable	75,189	(8,570)
Accrued expenses and other liabilities	(944)	(2,650)
Deferred revenue	(3,061)	-
Net Cash Provided (Used) by Operating Activities	357,451	(7,410)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of certificates of deposit	(1,029)	(972)
Redemption of certificates of deposit	-	2,000
Acquisition of property and equipment	(319,363)	(224,503)
Net Cash Used by Investing Activities	(320,392)	(223,475)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net borrowings (payments) on short-term notes payable	(58,852)	71,521
Payments on long-term debt	(6,176)	(5,889)
Proceeds from contributions restricted for purchase of property and equipment	38,748	262,797
Net Cash Provided (Used) by Financing Activities	(26,280)	328,429
NET INCREASE IN CASH AND CASH EQUIVALENTS	10,779	97,544
BEGINNING CASH AND CASH EQUIVALENTS	199,699	102,155
ENDING CASH AND CASH EQUIVALENTS	\$ 210,478	\$ 199,699
NON-CASH DISCLOSURE		
Property and equipment acquired through short-term note payable	\$ 95,159	\$ 54,864
Investments acquired through donation	166,060	-
Property and equipment acquired through in-kind contributions	9,608	-
SUPPLEMENTAL DISCLOSURE		
Interest paid	12,985	12,675
Net changes in short-term notes payable include		
Borrowings	-	99,484
Repayments	58,852	27,963

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

NORTHWOODS WOMEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019 and 2018

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

Nature of Organization

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

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

Basis of Presentation

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

Measure of Operations

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

Use of Estimates

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

NORTHWOODS WOMEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019 and 2018

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

Financial Instruments and Credit Risk

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

Cash, Cash Equivalents, and Restricted Cash

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

Receivables and Credit Policies

Grants receivable consist primarily of noninterest-bearing amounts due for client services. The Organization determines the allowance for uncollectible grants receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Grants receivable are written off when deemed uncollectible. At December 31, 2019 and 2018, an evaluation of the aging and collectability of receivables indicated that no allowance was necessary.

NORTHWOODS WOMEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019 and 2018

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

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 initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The Organization determines the allowance for uncollectible contributions receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contributions receivable are written off when deemed uncollectible. At December 31, 2019 and 2018, an evaluation of the aging and collectability of receivables indicated that no allowance was necessary.

Investments

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

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

Property and Equipment

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

NORTHWOODS WOMEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019 and 2018

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

Real Estate Held for Sale

Real estate held for sale is measured at the lower of its carrying value or fair value less cost to sell.

Net Assets

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

Net Assets Without Donor Restrictions

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

Net Assets With Donor Restrictions

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

Revenue and Revenue Recognition

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

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions. Federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Consequently, at December 31, 2019 and 2018, conditional contributions approximating \$246,000 and \$95,000, for which no accounts have been received in advance, have not been recognized in the accompanying financial statements.

NORTHWOODS WOMEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019 and 2018

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

Donated Services and In-Kind Contributions

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

Functional Expenses

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

Advertising

The Organization expenses advertising costs as they are incurred.

Income Tax Status

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

NORTHWOODS WOMEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019 and 2018

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

Subsequent Events Consideration

Management has evaluated subsequent events through July 31, 2020, the date on which the financial statements were available to be issued. Except as disclosed in Note 12, 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.

Reclassifications

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

Change in Accounting Principles

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2014-09 *Revenue from Contracts with Customers (Topic 606)*. The ASU, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The Organization has implemented Topic 606 and has adjusted the presentation in the financial statements accordingly. The amendments have been applied retrospectively to all periods presented, with no effect on net assets.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, which enhanced the reporting model for financial instruments by providing financial statement users with more decision-useful information. For nonprofit organizations, the guidance in ASU 2016-01 primarily affects the accounting for investments in equity securities and certain presentation and disclosure requirements. In addition, in February 2018, the FASB issued ASU 2018-03, *Technical Corrections and Improvements to Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, to clarify certain guidance issued in ASU 2016-01. As permitted, the Organization previously implemented the disclosure provisions of ASU 2016-01 upon issuance of the ASU. ASU 2016-01 is effective for fiscal years beginning after December 15, 2018; therefore the Organization implemented the remaining provisions effective January 1, 2019, the first day of the Organization's year, with no effect on net assets.

NORTHWOODS WOMEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019 and 2018

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

Change in Accounting Principles (Continued)

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Organization has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08.

NOTE 2 – AVAILABILITY AND LIQUIDITY

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

Financial assets at year end	2019	2018
Cash and cash equivalents	\$ 210,478	\$ 199,699
Certificates of deposit	101,227	100,198
Grants receivable	74,638	55,742
Contributions receivable	-	126,600
Total financial assets	<u>386,343</u>	<u>482,239</u>
Less amounts not available to be used within one year		
Time restrictions		
Certificates of deposit maturing in greater than one year	69,728	91,701
Purpose restrictions		
Contributions restricted for salaries and data processing system	31,129	-
Contributions restricted for building construction	-	148,587
Contributions restricted for professional fundraising services	-	10,000
Total amounts not available to be used within one year	<u>100,857</u>	<u>250,288</u>
FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES OVER THE NEXT TWELVE MONTHS	<u>\$ 285,486</u>	<u>\$ 231,951</u>

NORTHWOODS WOMEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 2 – AVAILABILITY AND LIQUIDITY (Continued)

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

NOTE 3 – CERTIFICATES OF DEPOSIT

Certificates of deposit totaling \$101,227 at December 31, 2019 (\$100,198 at December 31, 2018) are included in certificates of deposit in the accompanying financial statements. The certificates bear interest ranging from 0.15% to 1.15% at December 31, 2019 (0.15% to 1.80% - 2018) 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>2019</u>	<u>2018</u>
Land and improvements	\$114,973	\$ 49,973
Buildings and improvements	746,338	364,377
Equipment	123,599	8,445
Construction in progress	-	209,713
	<u>984,910</u>	<u>632,508</u>
Accumulated depreciation	<u>(31,656)</u>	<u>(54,965)</u>
TOTAL	<u><u>\$953,254</u></u>	<u><u>\$577,543</u></u>

Depreciation expense on property and equipment amounted to \$22,497 and \$11,352 for the years ended December 31, 2019 and 2018, respectively.

NORTHWOODS WOMEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 5 – REAL ESTATE HELD FOR SALE

Real estate held for sale as of December 31 is as follows:

	<u>2019</u>	<u>2018</u>
Cost	\$ 67,004	\$ -
Accumulated depreciation	<u>(41,697)</u>	<u>-</u>
TOTAL	<u>\$ 25,307</u>	<u>\$ -</u>

Real estate held for sale consists of a property in Ashland, Wisconsin.

NOTE 6 – 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, 2019 is 6.25% (6.75% - 2018). The maturity date is November 1, 2020. The outstanding balance at December 31, 2019 and 2018 is \$27,279 and \$56,000, respectively.

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, 2020. The outstanding balance at December 31, 2019 and 2018 is \$150,413 and \$55,254, respectively.

NOTE 7 – LONG-TERM DEBT

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

	<u>2019</u>	<u>2018</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	\$ 176,507	\$ 182,683
Interest-free loan - City of Ashland, no maturity date or payment term stated	50,000	50,000
Current portion	<u>(6,538)</u>	<u>(6,261)</u>
TOTAL	<u>\$ 219,969</u>	<u>\$ 226,422</u>

NORTHWOODS WOMEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 7 – LONG-TERM DEBT (Continued)

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: 2020 - \$6,538; 2021 - \$6,879; 2022 - \$7,214; 2023 - \$7,565; and 2024 - \$7,913.

NOTE 8 – NET ASSETS

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

	<u>2019</u>	<u>2018</u>
Specific purpose		
Salaries and data processing system	\$ 31,129	\$ -
Building construction	-	148,587
Professional fundraising services	-	10,000
	<u> </u>	<u> </u>
TOTAL	<u>\$ 31,129</u>	<u>\$ 158,587</u>

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

	<u>2019</u>	<u>2018</u>
Undesignated	\$ 791,592	\$ 495,987
Board designated	<u>30,684</u>	<u>30,395</u>
TOTAL	<u>\$ 822,276</u>	<u>\$ 526,382</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.

NORTHWOODS WOMEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 9 – DONATED MATERIALS AND SERVICES

During the years ended December 31, 2019 and 2018, the Organization received the following non-cash donations that have been reflected in the financial statements as in-kind contributions revenue:

	<u>2019</u>	<u>2018</u>
Shelter supplies	\$ 42,281	\$ 61,753
Fundraising supplies	10,810	14,868
Property and equipment	9,608	-
Professional services	<u>1,784</u>	<u>-</u>
TOTAL	<u>\$ 64,483</u>	<u>\$ 76,621</u>

NOTE 10 – 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, 2019 and 2018 was \$27,640 and \$25,538, respectively.

NOTE 11 – ECONOMIC DEPENDENCY

Approximately 54% of the Organization's 2019 revenues, gains, and other support are derived from three funding sources (37% from two funding sources 2018). The Organization's ability to operate at the same level of service could be jeopardized in the event any of these organizations were to cease funding the Organization.

NOTE 12 – SUBSEQUENT EVENT – COVID-19

The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the Organization, employees, and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Organization's financial condition or results of operations is uncertain.

SUPPLEMENTARY INFORMATION

NORTHWOODS WOMEN, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2019

<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		\$ 154,173
U.S. Department of Health and Human Services State of Wisconsin Department of Children and Families Family Violence Prevention and Services	93.671		19,306
State of Wisconsin Department of Health Services Temporary Assistance for Needy Families	93.558		552
Social Services Block Grant	93.667		<u>1,029</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 175,060</u>
<u>State Grantor/Program</u>		<u>State Identifying Number</u>	<u>State Expenditures</u>
State of Wisconsin Department of Health Services CW Children and Families Allocation		435.561	\$ 5,919
State of Wisconsin Department of Children and Families Domestic Violence Basic Services		437-6000	95,954
Domestic Violence Children's Programming		437-6005	29,858
Domestic Violence Support Services		437-6015	25,000
State of Wisconsin Department of Justice Office of Crime Victim Services Sexual Assault Victim Services		455.505	<u>39,021</u>
TOTAL EXPENDITURES OF STATE AWARDS			<u>\$ 195,752</u>

NORTHWOODS WOMEN, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2019

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, 2019. 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, 2019, 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 July 31, 2020.

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 19-1 that we considered to be a significant deficiency, and finding 19-2 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
July 31, 2020

NORTHWOODS WOMEN, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended December 31, 2019

The prior audit contained two findings:

18-1. 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.

18-2. During the course of the audit, adjusting journal entries were made that had a material effect on the Organization's financial statements. Although management and staff were aware that some of these entries would be necessary, there were also adjustments that were the result of audit procedures performed.

This finding was again noted for the current year.

NORTHWOODS WOMEN, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2019

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

19-1. 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, 2019

B. Financial Statement Findings (Continued)

Material Weakness

19-2. 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, 2019

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: July 31, 2020