

NORTHWOODS WOMEN, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Years Ended December 31, 2020 and 2019

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
Shari Nutt	Ashland, Wisconsin	Treasurer
Mary Lois Bolka	Ashland, Wisconsin	Director
Jennifer Douglas	Ashland, Wisconsin	Director
Debb Joanis	Ashland, Wisconsin	Director
Jennifer Lulich	Iron River, Wisconsin	Director
Devona Meske	Ashland, Wisconsin	Director
Darrell Miller	Ashland, Wisconsin	Director
Ashley Moore	Ashland, Wisconsin	Director
Tracy Morris	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, 2020 and 2019, 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, 2020 and 2019, 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 June 21, 2021, 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 21, 2021

NORTHWOODS WOMEN, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

ASSETS		
	2020	2019
CURRENT ASSETS		
Cash and cash equivalents	\$ 280,296	\$ 210,478
Certificates of deposit	10,376	31,499
Investments	2,131	-
Grants receivable	191,763	74,638
Other receivables	3,665	-
Prepaid expense	2,764	1,813
Total Current Assets	490,995	318,428
OTHER ASSETS		
Certificates of deposit	88,138	69,728
Real estate held for sale	-	25,307
Total Other Assets	88,138	95,035
PROPERTY AND EQUIPMENT		
Property and equipment	1,033,365	984,910
Accumulated depreciation	(102,366)	(31,656)
Property and Equipment, Net	930,999	953,254
TOTAL ASSETS	\$ 1,510,132	\$ 1,366,717
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 9,029	\$ 81,027
Accrued expenses and other liabilities	33,768	28,086
Short-term notes payable	34,923	177,692
Current portion of long-term debt	9,387	6,538
Total Current Liabilities	87,107	293,343
LONG-TERM DEBT	323,013	219,969
Total Liabilities	410,120	513,312
NET ASSETS		
Without donor restrictions	1,075,427	822,276
With donor restrictions	24,585	31,129
Total Net Assets	1,100,012	853,405
TOTAL LIABILITIES AND NET ASSETS	\$ 1,510,132	\$ 1,366,717

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

NORTHWOODS WOMEN, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2020 and 2019

	2020			2019		
	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	\$ 7,140	\$ -	\$ 7,140	\$ 56,030	\$ -	\$ 56,030
Government grants	462,084	-	462,084	371,812	-	371,812
In-kind contributions	84,479	-	84,479	64,483	-	64,483
All other contributions and grants	424,143	29,792	453,935	146,558	188,748	335,306
Investment return, net	(645)	-	(645)	9,597	-	9,597
Gain (loss) on disposal of property and equipment	47,429	-	47,429	(615)	-	(615)
Gain on extinguishment of debt	86,247	-	86,247	-	-	-
Other revenue	28,600	-	28,600	29,100	-	29,100
Net assets released from restrictions	36,336	(36,336)	-	316,206	(316,206)	-
Total Revenues, Gains, and Other Support	1,175,813	(6,544)	1,169,269	993,171	(127,458)	865,713
Expenses						
Program services	747,934	-	747,934	484,367	-	484,367
Support services						
Management and general	157,847	-	157,847	129,680	-	129,680
Fundraising	16,881	-	16,881	83,230	-	83,230
Total Expenses	922,662	-	922,662	697,277	-	697,277
CHANGE IN NET ASSETS	253,151	(6,544)	246,607	295,894	(127,458)	168,436
NET ASSETS, BEGINNING OF YEAR	822,276	31,129	853,405	526,382	158,587	684,969
NET ASSETS, END OF YEAR	\$ 1,075,427	\$ 24,585	\$ 1,100,012	\$ 822,276	\$ 31,129	\$ 853,405

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

NORTHWOODS WOMEN, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2020 and 2019

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

	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>

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

NORTHWOODS WOMEN, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 246,607	\$ 168,436
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Contributions restricted for long-term purposes	(27,405)	(38,748)
Gain from extinguishment of debt	(86,247)	-
Noncash donated investments	(85,737)	(166,060)
Noncash donated property and equipment	(900)	(9,608)
Proceeds from sale of donated investments	81,663	172,881
Gain on sale of real estate held for sale	(47,429)	-
Loss on disposal of property and equipment	-	615
(Gain) loss on sale of donated investments	1,870	(6,821)
Net unrealized investment loss	73	-
Depreciation	70,710	22,497
Net operating changes in		
Grants receivable	(117,125)	(18,896)
Contributions receivable	-	126,600
Other receivables	(3,665)	-
Prepaid expense	(951)	35,371
Accounts payable	(71,998)	75,189
Accrued expenses and other liabilities	5,682	(944)
Deferred revenue	-	(3,061)
Net Cash Provided (Used) by Operating Activities	<u>(34,852)</u>	<u>357,451</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of certificates of deposit	(967)	(1,029)
Redemption of certificates of deposit	3,680	-
Proceeds from sale of real estate held for sale	72,736	-
Acquisition of property and equipment	(47,555)	(319,363)
Net Cash Provided (Used) by Investing Activities	<u>27,894</u>	<u>(320,392)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net borrowings (payments) on short-term notes payable	32,231	(58,852)
Borrowings on long-term debt	86,247	-
Payments on long-term debt	(69,107)	(6,176)
Proceeds from contributions restricted for purchase of property and equipment	27,405	38,748
Net Cash Provided (Used) by Financing Activities	<u>76,776</u>	<u>(26,280)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	69,818	10,779
BEGINNING CASH AND CASH EQUIVALENTS	<u>210,478</u>	<u>199,699</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 280,296</u>	<u>\$ 210,478</u>
NON-CASH DISCLOSURE		
Property and equipment acquired through short-term note payable	\$ -	\$ 95,159
Investments acquired through donation	85,737	166,060
Short-term notes payable refinanced into long-term debt	175,000	-
Property and equipment acquired through in-kind contributions	900	9,608
SUPPLEMENTAL DISCLOSURE		
Interest paid	17,596	12,985
Net changes in short-term notes payable include		
Borrowings	42,327	-
Repayments	10,096	58,852

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

NORTHWOODS WOMEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020 and 2019

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, 2020 and 2019

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

Financial Instruments and Credit Risk

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

Cash, Cash Equivalents, and Restricted Cash

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

Grants Receivable

Grants receivable consist primarily of noninterest-bearing amounts due for client services and from grant awards.

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

The Organization determines the allowance for uncollectible grants receivable and unconditional promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Grants receivable and unconditional promises to give are written off when deemed uncollectible. At December 31, 2020 and 2019, 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, 2020 and 2019

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

Investments

Investments are reported at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. 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.

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.

NORTHWOODS WOMEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020 and 2019

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

Net Assets

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

Net Assets Without Donor Restrictions

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

Net Assets With Donor Restrictions

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

Revenue and Revenue Recognition

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

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. 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, 2020 and 2019, conditional contributions approximating \$271,000 and \$246,000, 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, 2020 and 2019

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, 2020 and 2019

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

Paycheck Protection Program Loan

On April 28, 2020, the Organization entered into a Promissory Note with Associated Bank (the "Promissory Note"), which provides for an unsecured loan of \$86,247 pursuant to the Paycheck Protection Program (the "PPP") under the Coronavirus Aid, Relief, and Economic Security Act and applicable regulations (the "CARES Act"). The Promissory Note has a term of two years with a 1% per annum interest rate. The Promissory note provided the Organization the necessary working capital to sustain principal operations through required economic shutdowns because of COVID-19. Forgiveness of the Promissory Note was determined in accordance with the provisions of the CARES Act and applicable regulations. Principal and interest amount outstanding, if any, after the determination of amounts forgiven will be repaid on a monthly basis. The Organization has elected to account for the loan as a loan. Forgiveness has been awarded by the Small Business Administration (SBA) on October 30, 2020, and accordingly, \$86,247 of loan forgiveness income was recognized for the year ended December 31, 2020 as a gain on extinguishment of debt on the statements of activities.

Subsequent Events Consideration

Management has evaluated subsequent events through June 21, 2021, 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.

NORTHWOODS WOMEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020 and 2019

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	2020	2019
Cash and cash equivalents	\$ 280,296	\$ 210,478
Certificates of deposit	98,514	101,227
Investments	2,131	-
Grants receivable	191,763	74,638
Other receivables	3,665	-
Total financial assets	<u>576,369</u>	<u>386,343</u>
Less amounts not available to be used within one year		
Time restrictions		
Certificates of deposit maturing in greater than one year	88,138	69,728
Purpose restrictions		
Contributions restricted for salaries and data processing system	14,261	31,129
Contributions restricted for playground	10,324	-
Total amounts not available to be used within one year	<u>112,723</u>	<u>100,857</u>
FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES OVER THE NEXT TWELVE MONTHS	<u>\$ 463,646</u>	<u>\$ 285,486</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 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 \$98,514 at December 31, 2020 (\$101,227 at December 31, 2019) are included in certificates of deposit in the accompanying financial statements. The certificates bear interest ranging from 0.03% to 1.15% at December 31, 2020 (0.15% to 1.15% - 2019) and have initial maturities ranging from six months to five years, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

NORTHWOODS WOMEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 4 – PROPERTY AND EQUIPMENT

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

	<u>2020</u>	<u>2019</u>
Land and improvements	\$ 138,643	\$ 114,973
Buildings and improvements	755,727	746,338
Equipment	127,642	123,599
Construction in progress	<u>11,353</u>	<u>-</u>
	1,033,365	984,910
Accumulated depreciation	<u>(102,366)</u>	<u>(31,656)</u>
TOTAL	<u><u>\$ 930,999</u></u>	<u><u>\$ 953,254</u></u>

Depreciation expense on property and equipment amounted to \$70,710 and \$22,497 for the years ended December 31, 2020 and 2019, respectively.

At December 31, 2020, construction in progress consists of a solar panel project. The total cost is estimated to be \$12,000, and the project is estimated to be completed in January 2021.

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, 2020 is 6.25% (6.25% - 2019). The maturity date is November 2, 2021. The outstanding balance at December 31, 2020 and 2019 is \$34,923 and \$27,279, respectively.

NORTHWOODS WOMEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 6 – LONG-TERM DEBT

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

	2020	2019
4.25% variable rate mortgage note payable - Northern State Bank, payable monthly at \$1,767 including interest, matures on October 15, 2040, secured by a mortgage and real estate owned by the Organization	\$ 282,400	\$ -
4.75% variable rate 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
Interest-free loan - City of Ashland, no maturity date or payment term stated	50,000	50,000
	332,400	226,507
Current portion	(9,387)	(6,538)
TOTAL	\$ 323,013	\$ 219,969

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

Principal amounts due on long-term debt in each of the next five years are as follows: 2021 - \$9,387; 2022 - \$9,794; 2023 - \$10,219; 2024 - \$10,631; and 2025 - \$11,122.

NORTHWOODS WOMEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 7 – NET ASSETS

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

	<u>2020</u>	<u>2019</u>
Specific purpose		
Salaries and data processing system	\$ 14,261	\$ 31,129
Playground	<u>10,324</u>	<u>-</u>
TOTAL	<u>\$ 24,585</u>	<u>\$ 31,129</u>

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

	<u>2020</u>	<u>2019</u>
Undesignated	\$ 1,048,206	\$ 791,592
Board designated	<u>27,221</u>	<u>30,684</u>
TOTAL	<u>\$ 1,075,427</u>	<u>\$ 822,276</u>

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

NOTE 8 – DONATED MATERIALS AND SERVICES

During the years ended December 31, 2020 and 2019, the Organization received the following non-cash donations that have been reflected in the financial statements as in-kind contributions revenue:

	<u>2020</u>	<u>2019</u>
Shelter supplies	\$ 83,059	\$ 42,281
Property and equipment	900	9,608
Professional services	520	1,784
Fundraising supplies	<u>-</u>	<u>10,810</u>
TOTAL	<u>\$ 84,479</u>	<u>\$ 64,483</u>

NORTHWOODS WOMEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 9 – DEFINED CONTRIBUTION PLAN

The Organization has a defined contribution plan covering all employees with at least one year of service. The Organization makes a contribution to the plan each year equal to 9% of all participants' compensation up to a max contribution of \$5,000 per year for each employee. Total expense for the years ended December 31, 2020 and 2019 was \$35,152 and \$27,640, respectively.

NOTE 10 – ECONOMIC DEPENDENCY

Approximately 48% of the Organization's 2020 revenues, gains, and other support are derived from three funding sources (54% from three funding sources 2019). 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 11 – 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, 2020

<u>Federal Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development Pass-through programs from State of Wisconsin Department of Administration Emergency Solutions Grant Program	14.231		\$ 1,427
U.S. Department of Justice State of Wisconsin Department of Justice Office of Crime Victim Services Victims of Crime Act	16.575		\$ 240,114
U.S. Department of Health and Human Services State of Wisconsin Department of Children and Families Family Violence Prevention and Services	93.671		21,411
State of Wisconsin Department of Health Services Temporary Assistance for Needy Families	93.558		552
Social Services Block Grant	93.667		<u>1,032</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 264,536</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	\$ 5,916
State of Wisconsin Department of Children and Families Domestic Violence Basic Services	437-6000	94,136
Domestic Violence Children's Programming	437-6005	30,545
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>38,778</u>
TOTAL EXPENDITURES OF STATE AWARDS		<u>\$ 194,375</u>

NORTHWOODS WOMEN, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2020

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, 2020. 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*, 2021 revision, the financial statements of Northwoods Women, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, 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 21, 2021.

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 20-1 that we considered to be a significant deficiency, and finding 20-2 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, State Single Audit Guidelines , the DHS Audit Guide, or the Provider Agency Audit Guide, 2021 revision.

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



Amery, Wisconsin
June 21, 2021

NORTHWOODS WOMEN, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended December 31, 2020

The prior audit contained two findings:

19-1. 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.

19-2. 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, 2020

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

20-1. 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, 2020

B. Financial Statement Findings (Continued)

Material Weakness

20-2. 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, 2020

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 21, 2021