

**NORTHWOODS WOMEN, INC.**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**Years Ended December 31, 2017 and 2016**

# NORTHWOODS WOMEN, INC.

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## 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
Dennis Zahm	Washburn, Wisconsin	Vice President
Kerry Hill	Ashland, Wisconsin	Secretary
Jean Wahlquist	Ashland, Wisconsin	Treasurer
Jennifer Douglas	Ashland, Wisconsin	Director
Janet Hilts	Ashland, Wisconsin	Director
Darrell Miller	Ashland, Wisconsin	Director
Ashley Moore	Ashland, Wisconsin	Director
Jeffery Muse	Ashland, Wisconsin	Director
Shari Nutt	Ashland, Wisconsin	Director
Amy O'Donahue	Ashland, Wisconsin	Director
Kent Seldal	Washburn, 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, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northwoods Women, Inc. as of December 31, 2017 and 2016, 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 14 and 15 is presented for purposes of additional analysis as required by *State Single Audit Guidelines*, and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2018, on our consideration of Northwoods Women, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northwoods Women, Inc.'s internal control over financial reporting and compliance.



Amery, Wisconsin  
June 25, 2018

**NORTHWOODS WOMEN, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2017 and 2016**

**ASSETS**

	<u>2017</u>	<u>2016</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 102,155	\$ 175,344
Certificates of deposit	12,253	27,528
Grants receivable	75,655	68,884
Prepaid expense	35,348	14,686
Total Current Assets	<u>225,411</u>	<u>286,442</u>
 <b>OTHER ASSETS</b>		
Certificates of deposit	<u>88,973</u>	<u>73,291</u>
 <b>PROPERTY AND EQUIPMENT</b>		
Property and equipment	353,141	71,092
Accumulated depreciation	(43,613)	(38,562)
Property and Equipment, Net	<u>309,528</u>	<u>32,530</u>
 <b>TOTAL ASSETS</b>	 <u><u>\$ 623,912</u></u>	 <u><u>\$ 392,263</u></u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 14,408	\$ 4,319
Accrued expenses and other liabilities	31,680	19,055
Short-term note payable	15,000	-
Current portion of long-term debt	6,000	-
Deferred revenue	3,061	5,522
Total Current Liabilities	<u>70,149</u>	<u>28,896</u>
 <b>LONG-TERM DEBT</b>	 232,572	 50,000
Total Liabilities	<u>302,721</u>	<u>78,896</u>
 <b>NET ASSETS</b>		
Unrestricted Net Assets		
Undesignated	289,039	280,863
Board designated	32,152	32,004
Total Unrestricted Net Assets	<u>321,191</u>	<u>312,867</u>
Temporarily Restricted Net Assets	-	500
Total Net Assets	<u>321,191</u>	<u>313,367</u>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 <u><u>\$ 623,912</u></u>	 <u><u>\$ 392,263</u></u>

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

**NORTHWOODS WOMEN, INC.**  
**STATEMENTS OF ACTIVITIES**  
For the Years Ended December 31, 2017 and 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues, Gains, and Other Support						
Grants and contributions	\$ 185,152	\$ 24,677	\$ 209,829	\$ 210,254	\$ 500	\$ 210,754
State of Wisconsin	384,643	-	384,643	389,630	-	389,630
Other governmental units	11,000	-	11,000	8,500	-	8,500
Fundraising income	65,181	-	65,181	64,554	-	64,554
Investment income	589	-	589	1,114	-	1,114
Other income	11,086	-	11,086	55,003	-	55,003
Net assets released from restrictions	25,177	(25,177)	-	-	-	-
Total Revenues, Gains, and Other Support	682,828	(500)	682,328	729,055	500	729,555
Expenses						
Program services	514,013	-	514,013	476,229	-	476,229
Supporting services						
Management and general	102,492	-	102,492	108,239	-	108,239
Fundraising	57,999	-	57,999	47,669	-	47,669
Total Expenses	674,504	-	674,504	632,137	-	632,137
<b>CHANGE IN NET ASSETS</b>	8,324	(500)	7,824	96,918	500	97,418
<b>NET ASSETS, BEGINNING OF YEAR</b>	312,867	500	313,367	215,949	-	215,949
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 321,191</b>	<b>\$ -</b>	<b>\$ 321,191</b>	<b>\$ 312,867</b>	<b>\$ 500</b>	<b>\$ 313,367</b>

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

**NORTHWOODS WOMEN, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
For the Years Ended December 31, 2017 and 2016

	2017				2016			
	Program Services	Supporting Services		Total	Program Services	Supporting Services		Total
		Management and General	Fundraising			Management and General	Fundraising	
Salaries	\$ 299,824	\$ 53,616	\$ -	\$ 353,440	\$ 295,036	\$ 56,811	\$ -	\$ 351,847
Fringe benefits and payroll	56,711	10,141	-	66,852	53,334	12,719	-	66,053
Insurance	23,279	3,327	-	26,606	16,454	3,327	-	19,781
Telephone	2,469	823	-	3,292	1,245	2,313	-	3,558
Utilities	7,875	4,240	-	12,115	3,018	5,604	-	8,622
Supplies	78,336	5,632	22,162	106,130	66,498	8,802	11,128	86,428
Postage	-	1,180	-	1,180	-	947	126	1,073
Depreciation	5,051	-	-	5,051	2,787	-	-	2,787
Maintenance and repairs	9,509	-	-	9,509	10,946	-	-	10,946
Travel	14,497	-	-	14,497	15,346	-	-	15,346
Training and workshop	1,396	-	-	1,396	1,499	-	-	1,499
Food	3,979	-	-	3,979	4,713	-	-	4,713
Printing	1,196	-	-	1,196	297	-	-	297
Advertising	2,816	2,816	-	5,632	-	4,786	-	4,786
Professional services	-	12,548	-	12,548	-	11,235	-	11,235
Equipment	2,396	-	-	2,396	2,347	-	-	2,347
Fundraising	-	-	35,038	35,038	-	-	36,163	36,163
Interest	-	2,399	-	2,399	-	-	-	-
Other	4,679	5,770	799	11,248	2,709	1,695	252	4,656
<b>TOTAL</b>	<b>\$ 514,013</b>	<b>\$ 102,492</b>	<b>\$ 57,999</b>	<b>\$ 674,504</b>	<b>\$ 476,229</b>	<b>\$ 108,239</b>	<b>\$ 47,669</b>	<b>\$ 632,137</b>



**NORTHWOODS WOMEN, INC.**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 7,824	\$ 97,418
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Contributions restricted for long-term purposes	(24,677)	-
Depreciation	5,051	2,787
Net operating changes in		
Grants receivable	(6,771)	(33,920)
Prepaid expense	(20,662)	(975)
Accounts payable	10,089	967
Accrued expenses and other liabilities	12,625	(6,850)
Deferred revenue	(2,461)	564
Net Cash Provided by Operating Activities	(18,982)	59,991
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(407)	(1,011)
Acquisition of property and equipment	(92,049)	(5,497)
Net Cash Used by Investing Activities	(92,456)	(6,508)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowings on short-term note payable	15,000	-
Payments on long-term debt	(1,428)	-
Proceeds from contributions restricted for purchase of property and equipment	24,677	-
Net Cash Provided by Financing Activities	38,249	-
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(73,189)	53,483
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	175,344	121,861
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<b>\$ 102,155</b>	<b>\$ 175,344</b>
<b>NON-CASH DISCLOSURE</b>		
Building and land purchase financed through long-term debt	\$ 190,000	\$ -
<b>SUPPLEMENTAL DISCLOSURE</b>		
Interest paid	\$ 2,399	\$ -

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

**NORTHWOODS WOMEN, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2017 and 2016**

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

**Nature of Organization**

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

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

**Basis of Accounting**

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

**Basis of Presentation**

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

**Use of Estimates**

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

**Donated Assets**

The Organization receives donated food, household items, and supplies which are recorded at their fair values at the date of donation. The value of the donated items is recorded as in-kind revenue. The value of the in-kind donations is recorded as contributions in the financial statements for the years ended December 31, 2017 and 2016. The amount of the in-kind donations was \$95,385 and \$72,334, respectively.

**Donated Services**

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs, campaign solicitations, and various committee assignments. The Organization received more than 2,364 volunteer hours during the year.

**NORTHWOODS WOMEN, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2017 and 2016**

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

**Concentration of Risk**

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

**Cash and Cash Equivalents**

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

**Certificates of Deposit**

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

**Grants Receivable**

Grants receivable represents the amount expended during the grant period but reimbursed after year-end. Management believes this amount is fully collectible; therefore, no allowance for doubtful accounts is recorded at December 31, 2017 and 2016.

**Property and Equipment**

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

**Fair Value of Financial Instruments**

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

**Unrestricted Net Assets**

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

**NORTHWOODS WOMEN, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2017 and 2016**

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

**Temporarily Restricted Net Assets**

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

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

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

**Program Funding and Revenues**

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

**Restricted and Unrestricted Revenue**

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

**Expense Allocation**

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

**NORTHWOODS WOMEN, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2017 and 2016**

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

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

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

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

**Subsequent Events Consideration**

Management has evaluated subsequent events through June 25, 2018, 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.

**Recent Accounting Pronouncements**

In August 2016, the FASB issued ASU 2016-14, *"Presentation of Financial Statements of Not-for-Profit Entities"* (Topic 958). The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. This ASU is effective for the Organization for the year ended December 31, 2018. The Organization is currently evaluating the effect the provisions of ASU 2016-14 will have on the financial statements.

**NORTHWOODS WOMEN, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2017 and 2016**

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**NOTE 2 – CERTIFICATES OF DEPOSIT**

Certificates of deposit totaling \$101,226 at December 31, 2017 (\$100,819 at December 31, 2016) are included in certificates of deposit in the accompanying financial statements. The certificates bear interest ranging from 0.15% to 1.25% at December 31, 2017 (0.15% to 1.25% - 2016) and have initial maturities ranging from twelve months to five years, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

**NOTE 3 – PROPERTY AND EQUIPMENT**

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

	<u>2017</u>	<u>2016</u>
Buildings	\$260,872	\$50,000
Land	49,973	-
Building improvements	15,797	12,647
Equipment	8,445	8,445
Construction in progress	18,054	-
	<u>353,141</u>	<u>71,092</u>
Accumulated depreciation	<u>(43,613)</u>	<u>(38,562)</u>
<b>TOTAL</b>	<b><u><u>\$309,528</u></u></b>	<b><u><u>\$32,530</u></u></b>

Depreciation expense on property and equipment amounted to \$5,051 and \$2,787 for the years ended December 31, 2017 and 2016, respectively.

At December 31, 2017, construction in progress consists of building improvements on a building the Organization purchased in 2017. The estimated cost of these improvements is \$875,000. The estimated completion date of these improvements is still to be determined as the Organization has to raise the funds needed for the improvements through fundraisers and grants.

**NOTE 4 – REVOLVING LINE OF CREDIT**

The Organization has a \$70,000 line of credit with Bremer Bank, N.A. The loan is secured by the certificates of deposit held at Bremer Bank, N.A. The variable rate of interest at December 31, 2017 is 6.00% (5.00% - 2016). The maturity date is November 1, 2018. The outstanding balance at December 31, 2017 and 2016 is \$15,000 and \$0, respectively.

**NORTHWOODS WOMEN, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2017 and 2016**

**NOTE 4 – REVOLVING LINE OF CREDIT** (Continued)

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

**NOTE 5 – LONG-TERM DEBT**

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

	<u>2017</u>	<u>2016</u>
Northern State Bank	\$ 188,572	\$ -
Current portion	(6,000)	-
<b>TOTAL</b>	<u><u>\$ 182,572</u></u>	<u><u>\$ -</u></u>

The loan with Northern State Bank is secured by a mortgage and real estate owned by the Organization. The loan is being repaid at the rate of \$1,235 per month including interest. The variable rate of interest is 4.75% at December 31, 2017. The maturity date is September 15, 2037.

The Organization received a building from the City of Ashland for purposes of carrying out their mission of providing services and resources to families of domestic violence and sexual assault. In the event that the Organization ceases operations or sells the building, the Organization would be required to pay back the estimated initial investment to the City of Ashland. Accordingly, a loan representing the initial investment of \$50,000 is reflected in the financial statements. The loan bears no interest and has no future maturity date.

Principal amounts due on long-term debt in each of the next five years are as follows: 2018 - \$6,000; 2019 - \$6,100; 2020 - \$6,500; 2021 - \$6,800; and 2022 - \$7,100.

**NOTE 6 – DESIGNATED NET ASSETS**

The Organization's Board of Directors has chosen to place the following limitations on unrestricted net assets as of December 31:

	<u>2017</u>	<u>2016</u>
<b>GENERAL OPERATIONS AND CAPITAL IMPROVEMENTS</b>	<u><u>\$ 32,152</u></u>	<u><u>\$ 32,004</u></u>

**NORTHWOODS WOMEN, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2017 and 2016**

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**NOTE 6 – DESIGNATED NET ASSETS** (Continued)

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

**NOTE 7 – RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets as of December 31 are available for the following purposes:

	<u>2017</u>	<u>2016</u>
<b>BUILDING FUND</b>	<u>\$ -</u>	<u>\$ 500</u>

**NOTE 8 – FUNDRAISING**

The Organization sponsors various fundraising activities throughout the year. For the year ended December 31, 2017, these activities generated \$65,181 in revenue with costs totaling \$57,999, resulting in net fundraising income of \$7,182. For the year ended December 31, 2016, these activities generated \$64,554 in revenue with costs totaling \$47,669, resulting in net fundraising income of \$16,885. Activities included a variety of fundraising events.

**NOTE 9 – OTHER INCOME**

Included with other income on the statement of activities are insurance proceeds of \$1,796 and \$55,003 for the years ended December 31, 2017 and 2016, respectively. These proceeds are related to a claim from 2013. The amount received in 2017 is expected to be the final payment on the claim.

**NOTE 10 – DEFINED CONTRIBUTION PLAN**

The Organization has a defined contribution plan covering all employees with at least one year of service. Employees don't contribute to the plan. The Organization makes a contribution to the plan each year equal to 9% of all participants' compensation up to a max contribution of \$5,000 per year for each employee. Total expense for the years ended December 31, 2017 and 2016 was \$27,355 and \$27,394, respectively.



## **SUPPLEMENTARY INFORMATION**

**NORTHWOODS WOMEN, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended December 31, 2017**

<u>Federal Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development State of Wisconsin Department of Administration Emergency Solutions Grant Program	14.231		\$ 7,320
U.S. Department of Justice State of Wisconsin Department of Justice Office of Crime Victim Services Victims of Crime Act	16.575		128,345
State of Wisconsin Department of Justice Office of Crime Victim Services STOP Violence Against Women Act	16.588		41,075
U.S. Department of Health and Human Services State of Wisconsin Department of Children and Families Family Violence Prevention and Services	93.671		20,458
State of Wisconsin Department of Health Services Temporary Assistance for Needy Families	93.558		552
Social Services Block Grant	93.667		<u>1,035</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b><u>\$ 198,785</u></b>
		<u>State Identifying Number</u>	<u>State Expenditures</u>
State of Wisconsin Department of Health Services CW Children and Families Allocation		435.561	\$ 5,913
State of Wisconsin Department of Children and Families Domestic Violence Basic Services		437-6000	94,288
Domestic Violence Children's Programming		437-6005	29,796
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>38,361</u>
<b>TOTAL EXPENDITURES OF STATE AWARDS</b>			<b><u>\$ 193,358</u></b>

**NORTHWOODS WOMEN, INC.**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended December 31, 2017**

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**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 years ended December 31, 2017. 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*, 1999 revision, the financial statements of Northwoods Women, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 25, 2018.

**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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify finding 17-1 described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*, *State Single Audit Guidelines*, the *DHS Audit Guide*, or the *Provider Agency Audit Guide*, 1999 revision.

### **Organization's Response to Findings**

The Organization's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

*Carlson SV JHP*

Amery, Wisconsin  
June 25, 2018

**NORTHWOODS WOMEN, INC.**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**For the Year Ended December 31, 2017**

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The prior audit contained one finding:

- 16-1. Due to the relatively small number of people employed in administrative functions, ideal segregation of duties cannot be achieved. This is not unusual for an organization this size; however, the lack of segregation of duties increases the risk of fraud related to misappropriation of assets, financial statement misstatement, or both. The Board of Directors and management should constantly be aware of this condition. It is the responsibility of management and those charged with governance to make the decision to accept the degree of risk associated with this condition because of cost or other considerations. While it may not be cost effective to justify implementing a full segregation of duties for an extensive system of internal control in all areas, it is important that management and those charged with governance are aware that some weaknesses may exist and that they should continue to apply diligent oversight and monitoring activities.

This finding was again noted for the current year.

**NORTHWOODS WOMEN, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended December 31, 2017**

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**A. Summary of Auditor's Results**

**Financial Statements**

- |  |            |
|--|------------|
| 1. Type of auditor's report issued?  | Unmodified |
| 2. Internal control over financial reporting:                                    |            |
| a. Material weaknesses identified?   | No         |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes        |
| 3. Noncompliance material to the financial statements noted?                     | No         |

**B. Financial Statement Findings**

**Significant Deficiencies**

17-1. 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](http://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, 2017**

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**C. Federal and State Award Findings and Questioned Costs**

No matters were reported.

**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 Administration No
  - Department of Children and Families No
  - Department of Health Services No
  - Department of Justice No
3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? No
4. Name and signature of Partner: Margo A. Rosen, CPA Margo A Rosen, CPA
5. Date of report: June 25, 2018