

# North Central Community Action Program, Inc.

Wisconsin Rapids, Wisconsin

## Financial Statements and Supplementary Information

Years Ended December 31, 2016

# North Central Community Action Program, Inc.

Financial Statements and Supplementary Information  
Year Ended December 31, 2016

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## **Independent Auditor's Report**

Board of Directors  
North Central Community Action Program, Inc.  
Wisconsin Rapids, Wisconsin

### **Report on Financial Statements**

We have audited the accompanying financial statements of North Central Community Action Program, Inc., which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, and cash flows for the year 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; 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States 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 misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North Central Community Action Program, Inc. as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.

## **Other Matters**

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal, state and other awards which is required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Requirements, Cost Principles, and Audit requirements for Federal awards, Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration, and the schedule of emergency furnace activity by contract, are presented for purposes of additional analysis and are 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. Such 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. 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 May 8, 2017, on our consideration of North Central Community Action Program, 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 the 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 North Central Community Action Program, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Wipfli LLP".

Wipfli LLP

May 8, 2017

Madison, Wisconsin

# North Central Community Action Program, Inc.

## Statement of Financial Position

December 31, 2016

<i>Assets</i>	
Current assets	
Cash and cash equivalents	\$ 423,446
Grants receivable	141,142
Accounts receivable	1,817
Weatherization inventory	233,221
Notes and interest receivable, net	70,667
Prepaid expenses	72,129
Total current assets	942,422
Property and equipment, net	542,923
Other assets	
Notes and interest receivable, net - long term	4,000
<b>TOTAL ASSETS</b>	<b>\$1,489,345</b>
<i>Liabilities and Net Assets</i>	
Current liabilities	
Accounts payable	\$ 190,857
Current maturities of debt	28,590
Accrued payroll and related expenses	225,751
Grant funds received in advance	263,924
Total current liabilities	709,122
Long term liabilities	
Inventory advance	16,159
Deferred revenue	192,610
Grant funds received in advance, revolving loan funds	42,043
Debt	2,809
Total long term liabilities	253,621
Total liabilities	962,743
Net assets	
Unrestricted	98,761
Temporarily restricted	427,841
Total net assets	526,602
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,489,345</b>

See accompanying notes to financial statements.

# North Central Community Action Program, Inc.

## Statement of Activities

Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Total
Public support			
Grant revenue	\$ 5,030,867	\$ 6,650	\$ 5,037,517
Contributions	21,927	0	21,927
Matching contributions	248,173	0	248,173
Net assets released from restrictions	26,790	(26,790)	0
Total public support	5,327,757	(20,140)	5,307,617
Revenue			
Investment income	3,946	36,070	40,016
Miscellaneous income	7,500	0	7,500
Rental income	32,690	0	32,690
Total revenue	44,136	36,070	80,206
Total public support and revenue	5,371,893	15,930	5,387,823
Expenses			
Program expenses	5,306,155	0	5,306,155
Management and general	100,878	0	100,878
Total expenses	5,407,033	0	5,407,033
Change in net assets	(35,140)	15,930	(19,210)
Net assets - Beginning of year	133,901	411,911	545,812
Net assets - End of year	\$ 98,761	\$ 427,841	\$ 526,602

# North Central Community Action Program, Inc.

## Statement of Cash Flows

Year Ended December 31, 2016

Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities		
Change in net assets	\$	(19,210)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation		34,912
Interest added to notes receivable		(36,070)
Provision for allowance for loan loss		(11,200)
Changes in operating assets and liabilities:		
Grants receivable		(39,310)
Accounts receivable		2,600
Weatherization inventory		8,835
Prepaid expenses		28,913
Accounts payable		47,352
Accrued payroll and related expenses		(437)
Grant funds received in advance		145,637
Deferred revenue		(3,385)
Net cash provided by operating activities		158,637
Cash flows from investing activities		
Payments received on notes receivable		10,708
Capital expenditures		(6,650)
Net cash provided by investing activities		4,058
Cash flows from financing activities		
Payments made on debt		(2,594)
Cash flows used in financing activities		(2,594)
Change in cash and cash equivalents		160,101
Cash and cash equivalents - beginning of year		263,345
Cash and cash equivalents - end of year	\$	423,446
<b>Supplemental schedule of other cash activity:</b>		
Cash paid for interest	\$	650

See accompanying notes to financial statements.

# North Central Community Action Program, Inc.

## Notes to Financial Statements

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### **Note 1      Summary of Significant Accounting Policies**

#### **Nature of Operations**

North Central Community Action Program, Inc. (the "Organization") was organized as a nonprofit corporation in 1966. The Organization was formed to develop and provide resources for the purpose of assisting low income individuals through a variety of programs in Lincoln, Marathon and Wood Counties. The Organization is primarily supported through federal and state government grants. The Weatherization program, funded by the Wisconsin Department of Administration, comprises 64% of the total revenue of the Organization.

#### **Basis of Presentation**

All financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

#### **Classification of Net Assets**

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

**Unrestricted Net Assets** - Net assets that are not subject to donor-imposed stipulations or where donor-imposed restrictions have been met in the year of the contribution.

**Temporarily Restricted Net Assets** - Net assets subject to donor-imposed stipulations that may or may not be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Permanently Restricted Net Assets** - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. Currently, the Organization does not have any permanently restricted net assets.

#### **Use of Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



# North Central Community Action Program, Inc.

## Notes to Financial Statements

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### **Note 1 Summary of Significant Accounting Policies (Continued)**

#### **Revenue Recognition**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as released from restrictions. If the restriction is met on a contribution in the year the contribution is received, the contribution is reported as unrestricted revenue.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Rental income represents income received from various sources for use of property or space owned by the Organization. This income is recognized in the period in which it is earned. It also includes the annual recognition of revenue earned related to deferred rent contracts (see Note 6).

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

#### **A. Grant Awards That Are Contributions**

Grants that qualify as contributions are recorded as invoiced to the funding sources. Revenue is recognized in the accounting period when the related allowable expenses are incurred. Amounts received in excess of expenses are reflected as grant funds received in advance.

#### **B. Grant Awards That Are Exchange Transactions**

Exchange transactions reimburse based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed. Amounts received in advance of services being performed are reflected as deferred revenue.

#### **Cash and Cash Equivalents**

The Organization defines cash and cash equivalents as highly liquid, short-term investments with a maturity at the date of acquisition of three months or less.

#### **Grants and Accounts Receivable**

Grants and accounts receivable consist primarily of miscellaneous refunds and program billings. Amounts are reviewed for collectability by management and an allowance for doubtful accounts is recorded as needed based on collection history and customer attributes. Management has assessed the collectability of these receivables and has deemed that all accounts are fully collectible; therefore, no allowance has been recorded as of December 31, 2016.

# North Central Community Action Program, Inc.

## Notes to Financial Statements

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### **Note 1 Summary of Significant Accounting Policies (Continued)**

#### **Weatherization Inventory**

Weatherization materials are stated at the lower of cost or market, using the first-in, first-out basis. Weatherization materials are expensed in the accounting period when the unit weatherized is claimed as a completed unit. A completed unit is a dwelling unit that has received weatherization services within the limits established in the weatherization contract, the final inspection has been performed and the owner sign-off obtained.

#### **Notes and Interest Receivable**

The Organization acts as the Community Housing Development Organization ("CHDO") for two Community Housing Development Projects. The Organization received HOME grant awards from the State of Wisconsin. These funds are loaned to limited liability companies owned by unrelated parties. The funds loaned to the limited liability companies are for the development of affordable housing projects. The notes are secured by property owned by the limited liability companies. See Note 4.

The Organization also received United States Department of Agriculture ("USDA") grant awards to loan to eligible business owners enrolled in the Rural Business Enterprise Revolving Loan Fund. The notes are secured by the assets of the small business and are further described in Note 4 to the financial statements. All loans described above are stated at the amount of unpaid principal and accrued interest reduced by an allowance for expected uncollectible amounts. The allowance is an amount that management believes will be adequate to absorb the losses on existing loans that may become uncollectible based on an evaluation of specific customer attributes.

The allowance for loan losses is a valuation allowance for probable incurred credit losses based on an evaluation of the outstanding loans. Loan losses are charged against the allowance when management believes the collectability of the principal is unlikely. Subsequent recoveries, if any, are credited to the allowance.

Management regularly evaluates the allowance for loan losses taking into consideration such factors as historical loss experience, changes in the nature and volume of the loan portfolio, overall portfolio quality, review of specific problem loans, and current economic conditions that may affect the borrower's ability to pay.

The Organization provides an allowance for doubtful accounts equal to the estimated uncollectible notes and interest receivable. The Organization's estimate is based on historical collection experience and a review of the current status of notes and interest receivable. When an account is deemed uncollectible, the account is written off against the allowance. It is reasonably possible that the Organization's estimate of the allowance for doubtful accounts will change.

# North Central Community Action Program, Inc.

## Notes to Financial Statements

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### **Note 1 Summary of Significant Accounting Policies (Continued)**

#### **Property and Equipment**

Property and equipment are capitalized at cost or, if donated, at fair value on the date of donation. Depreciation is provided for using the straight-line method over the estimated useful life of the asset. The Organization considers items with a cost greater than \$5,000 and a useful life greater than one year to be property and equipment.

Property and equipment purchased with grant funds are owned by the Organization while used in the program for which they were purchased or in other future authorized programs. However, some funding sources have a reversionary interest in the property and equipment purchased with grant funds. Their disposition, as well as the ownership of any proceeds there from, is subject to funding source regulations. The property and equipment purchased with grant funds are normally restricted for use in specific programs operated by the Organization. The net book value of grant-funded property and equipment included on the statement of financial position is \$322,927 at December 31, 2016.

The Organization has adopted a policy of imposing a time restriction on assets purchased with grant funding. Grant-funded property and equipment are recorded as restricted support. As the property and equipment are depreciated, the temporarily restricted net assets are released from restriction and reported in the statement of activities as net assets released from restrictions.

#### **Cost Allocation**

Joint costs are allocated to benefiting programs using various allocation methods depending on the type of joint cost being allocated. Joint costs are those costs incurred for the common benefit of all organization programs, which cannot be readily identified with a final cost objective.

#### **Income Taxes**

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. It is also exempt from Wisconsin franchise or income tax.

The Organization is required to assess whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements. The Organization has determined there are no amounts to record as assets or liabilities related to uncertain tax positions.

#### **Subsequent Events**

Subsequent events have been evaluated through May 8, 2017, which is the date the financial statements were available to be issued.

# North Central Community Action Program, Inc.

## Notes to Financial Statements

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### Note 2 Concentration of Credit Risk

The Organization maintains cash balances at a financial institution. Balances in the bank accounts are insured by Federal Deposit Insurance Corporation (FDIC) coverage up to \$250,000 per institution. At times during the year, balances in these accounts may exceed the insurance limits. Management believes the financial institution has a strong credit ratings and credit risk related to these deposits is minimal.

### Note 3 Grants Receivable

The grants receivable balance represents amounts due from the various funding sources as follows:

Federal programs	\$	125,157
State programs		15,099
Other programs		886
<hr/>		
Total	\$	141,142

### Note 4 Notes and Interest Receivable

#### Notes and Interest Receivables from Limited Liability Companies

The Organization has extended two loans, through grants received from the State of Wisconsin Department of Commerce, to two Limited Liability Companies for Community Housing Development Projects where the Organization acts as the CHDO. River City Senior Village, LLC and Colby-Abbotsford Senior Village, LLC operate two apartment complexes for low-income individuals. The loans are secured by a subordinated mortgage on each rental property. Any amounts received to repay the notes outstanding must be recorded as temporarily restricted net assets and be used to create new loans. The Organization does not expect to collect any of the amounts recorded based on its knowledge of similar companies and the Organization's position in the operating agreement distribution of cash flow. Amounts due from the Limited Liability Companies at December 31, 2016 consisted of the following:

River City Senior Village, LLC, interest accrues at 3% per annum on the unpaid principal following a three year deferral period, annual principal and interest payments of \$28,352 beginning April 1, 2010, subject to surplus cash. In the event surplus cash is unavailable in any year, the remainder amount will be increased by 1.3% and will be payable on the installment date. Original loan amount was \$534,000.

\$ 640,498

Colby-Abbotsford Senior Village, LLC, interest accrues at 3% per annum on the unpaid principal following a three year deferral period, annual principal and interest payments of \$28,198 beginning April 1, 2014, subject to surplus cash. In the event surplus cash is unavailable in any year, the remainder amount will be increased by 1.3% and will be payable on the installment date. Original loan amount was \$513,000.

561,663

# North Central Community Action Program, Inc.

## Notes to Financial Statements

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### Note 4 Notes and Interest Receivable (Continued)

#### Notes and Interest Receivables from Limited Liability Companies (Continued)

Total notes and interest receivable	\$ 1,202,161
Allowance for uncollectible	(1,154,891)
<hr/>	
Notes and interest receivable, net	\$ 47,270

The loans receivable listed above are with limited liability companies for housing development purposes and are considered in the housing development loan class for evaluation purposes. The Organization regularly evaluates various attributes of loans to determine the appropriateness of the allowance for doubtful accounts. The Organization's housing development class of loans is generally evaluated based on whether the loan is performing according to the contractual terms of the loan or not. In 2017, the Organization received an interest payment of \$47,270 on the Colby-Abbotsford Senior Village receivable. The Organization has identified that the remaining amounts receivable on the above loans to be nonperforming, and therefore has provided an allowance for loan losses for the principal and interest balance in excess of the \$47,270.

For the year ended December 31, 2016, the allowance for loan losses change is as follows:

Balance at the beginning of the year	\$ 1,166,091
Provision for loan loss	( 11,200)
<hr/>	
Balance at the end of year	\$ 1,154,891

#### Notes and Interest Receivable from Revolving Loan Funds

Revolving loan funds notes and interest receivable represents amounts due from local small businesses enrolled in the Rural Business Enterprise Revolving Loan Fund. Funds loaned consist of both grant funds from the United States Department of Agriculture (USDA) and Organization matching funds. Principal and interest payments (at interest rates ranging from 6-8%) are due monthly. The notes are secured by the assets of the small businesses. The outstanding balance in revolving loan funds notes and interest receivable as of December 31, 2016 was \$40,097.

The loans receivable from small businesses are considered in the business development revolving loan class for evaluation purposes. The Organization regularly evaluates various attributes of loans to determine the appropriateness of the allowance for doubtful accounts. The Organization's business development revolving loan class of loans is generally evaluated based on whether the loan is performing according to the contractual terms of the loan or not. The Organization has not identified any specific loans to be nonperforming, therefore has not placed any of these loans on non-accrual status.

Management regularly evaluates the performance of these loans for purposes of determining whether an allowance for loan losses is necessary. Based on collection history and attributes of the borrowers, the Organization recorded an allowance for loan losses of \$12,700 at December 31, 2016. There were no changes in the allowance for loan loss on revolving loan funds.

# North Central Community Action Program, Inc.

## Notes to Financial Statements

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### Note 4 Notes and Interest Receivable (Continued)

Revolving loans receivable	\$ 40,097
Allowance for loan losses	( 12,700)
Revolving loans receivable, net	27,397
Current portion	( 23,397)
Long-term revolving loans receivable	\$ 4,000

### Forgivable Loans Receivable

To facilitate the completion of residential properties constructed with federal, state and Organization monies to low income families, the Organization holds second mortgages amounting to \$158,310 issued from 2007 to 2009. If the properties are sold within ten years of the date of closing or sold without the consent of the Organization to other than another low income family, the loans must be repaid. The notes carry no interest and are secured by second mortgages on the respective properties. These loans are not reflected on the financial statements as collectability is not assured.

### Note 5 Property and Equipment

A summary of property and equipment is as follows:

Land	\$ 219,997
Buildings and building improvement	392,077
Equipment	101,057
Vehicles	132,102
Total cost	845,233
Accumulated depreciation	( 302,310)
Property and equipment, net	\$ 542,923

### Note 6 Deferred Revenue

In 2006, the Organization purchased a parcel of land and entered into a land lease with River City Senior Village, LLC. The land lease required a lump sum payment of \$80,000 at inception, which was used to purchase the land. The term of the lease began October 23, 2006 and expires October 22, 2071, unless terminated earlier in accordance with the lease agreement. The Organization has recorded the purchase of land and related deferred rent revenue in the statement of financial position.

In 2010, the Organization purchased a parcel of land and entered into a land lease with Colby Abbotsford Senior Village, LLC. The land lease required a lump sum payment of \$139,997 at inception, which was used to purchase the land. The term of the lease began January 12, 2010 and expires January 11, 2075, unless terminated earlier in accordance with the lease agreement. The Organization has recorded the purchase of land and related deferred rent revenue in the statement of financial position.

# North Central Community Action Program, Inc.

## Notes to Financial Statements

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### Note 6 Deferred Revenue (Continued)

Long-term deferred rent revenue is \$192,610 as of December 31, 2016. Land lease revenue for the year ended December 31, 2016 was \$3,385. Future minimum lease income on the land lease beyond December 31, 2016 is as follows:

2017	\$ 3,385
2018	3,385
2019	3,385
2020	3,385
2021	3,385
Thereafter	175,685
<b>Total</b>	<b>\$ 192,610</b>

### Note 7 Notes Payable

In January 2012, the Organization entered into an unsecured promissory note in the amount of \$25,997, with interest at a fixed rate of 2.5%, annual payments of interest starting January 2013 and a final balloon payment January 2017. The funds under this debt are being used in connection with the job and development grant. Interest expense was \$650 for the year ended December 31, 2016. The balance of this note at December 31, 2016, was \$25,997.

In December 2013, the Organization entered into a non-interest bearing promissory note in the amount of \$12,966 with monthly payments of \$216 starting February 2014 and concluding January 2019. The funds from this debt were used to replace the Capistry Town Home roof. The loan is secured by property of the Organization. The balance of this note at December 31, 2016 was \$5,402.

Principal requirements on long-term debt for year ending after December 31, 2016 are as follows:

2017	\$ 28,590
2018	2,593
2019	216
<b>Total</b>	<b>\$ 31,399</b>

### Note 8 Net Assets

Temporarily restricted net assets are available for the following purposes:

Summer youth	\$ 41,606
Grant-funded property and equipment	322,927
HOME program interest	63,308
<b>Total</b>	<b>\$ 427,841</b>

# North Central Community Action Program, Inc.

## Notes to Financial Statements

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### **Note 9 Employee Retirement Plan**

The Organization has established a retirement plan open to all employees who have been employed during the year. The Organization's Board of Directors has the discretionary authority to determine each year whether or not to contribute to the plan. The contribution was \$93,158 for the year ended December 31, 2016. The retirement benefits are fully vested with the employees at the time of contribution.

### **Note 10 Operating Leases**

The Organization leases various facilities and equipment for operation of its programs. Operating lease payments for the year ended December 31, 2016, totaled \$147,461. Future minimum lease payments on leases having non-cancelable terms beyond December 31, 2016 are as follows:

2017	\$	72,339
2018		58,860
2019		48,820
2020		43,800
2021		21,900
<hr/>		
Total	\$	245,719

### **Note 11 Grant Awards**

At December 31, 2016, the Organization had commitments under various grants of approximately \$1,893,000. These commitments are not recognized in the accompanying financial statements as they are conditional awards.



# **Supplementary Information**

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# North Central Community Action Agency, Inc.

## Schedule of Expenditures of Federal, State, and Other Awards Year Ended December 31, 2016

FEDERAL AWARDS	Pass-Through			
<u>Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grantor's Number</u>	<u>Federal Expenditures</u>	<u>Subrecipient Awards</u>
<b>U.S. DEPARTMENT OF HOUSING/URBAN DEVELOPMENT</b>				
Wisconsin Housing Economic Development Authority				
<u>Section 8 Housing Choice Vouchers</u>				
January 1, 2016 - December 31, 2016				
Housing Voucher Cluster Program	14.871	HCVP	<u>\$ 200,108</u>	<u>\$ 0</u>
Wisconsin Department of Administration				
<u>Emergency Solutions Grant</u>				
July 1, 2015 - August 31, 2016	14.231	ETH 1513	52,794	34,699
July 1, 2016 - June 30, 2017	14.231	ETH 1614	42,693	14,301
<b>TOTAL CFDA # 14.231</b>			<u><b>95,487</b></u>	<u><b>49,000</b></u>
<u>Paid Directly to Grantee</u>				
<u>Supportive Housing Program Continuum</u>				
July 1, 2015 - June 30, 2016	14.235	WI0027L5I001407	94,967	0
July 1, 2016 - June 30, 2017	14.235	WI0027L5I001508	93,386	0
<b>TOTAL CFDA # 14.235</b>			<u><b>188,353</b></u>	<u><b>0</b></u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u><b>483,948</b></u>	<u><b>49,000</b></u>
<b>U.S. DEPARTMENT OF ENERGY</b>				
Wisconsin Department of Administration				
<u>Weatherization Assistance for Low-Income Persons</u>				
July 1, 2014 - June 30, 2016	81.042	505DES-G15-AD14987714-14	77,581	0
July 1, 2016 - June 30, 2018	81.042	WX1718.14	352,417	0
<b>TOTAL CFDA # 81.042</b>			<u><b>429,998</b></u>	<u><b>0</b></u>
<b>Total U.S. Department of Energy</b>			<u><b>429,998</b></u>	<u><b>0</b></u>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
Wisconsin Technical College System				
<u>Adult Education-Basic Grants to States</u>				
July 1, 2015 - June 30, 2016	84.002	71-971-149-156	18,568	0
July 1, 2016 - June 30, 2017	84.002	71-971-149-157	11,681	0
<b>TOTAL CFDA # 84.002</b>			<u><b>30,249</b></u>	<u><b>0</b></u>
<b>Total U.S. Department of Education</b>			<u><b>30,249</b></u>	<u><b>0</b></u>

# North Central Community Action Agency, Inc.

## Schedule of Expenditures of Federal, State, and Other Awards Year Ended December 31, 2016

FEDERAL AWARDS (Continued)		Pass-Through		
Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Grantor's Number	Federal Expenditures	Subrecipient Awards
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
Wisconsin Department of Administration				
<u>Low Income Home Energy Assistance</u>				
July 1, 2014- June 30, 2016	93.568	505DES-G15-AD14987714-14	\$ 530,802	\$ 0
EF: October 1, 2015 - September 30, 2016	93.568	505DES-G15-AD14987714-14	58,567	0
July 1, 2016- June 30, 2018	93.568	WX1718.14	258,293	0
EF: October 1, 2016 - September 30, 2017	93.568	WX1718.14	4,013	0
<b>TOTAL CFDA # 93.568</b>			<b>851,675</b>	<b>0</b>
Wisconsin Department of Children & Families				
<u>Community Services Block Grant</u>				
January 1, 2016 - December 31, 2016	93.569	437004-G16-0000764-000-10	261,968	0
<b>Total U.S. Department of Health and Human Services</b>			<b>1,113,643</b>	<b>0</b>
<b>CORPORATION - NATIONAL &amp; COMMUNITY SERVICE</b>				
Wisconsin Department of Administration				
<u>AmeriCorps</u>				
August 15, 2015 - August 14, 2016	94.006	AD159998	178,812	0
August 15, 2016 - August 14, 2017	94.006	AD169129	70,375	0
<b>TOTAL CFDA # 94.006</b>			<b>249,187</b>	<b>0</b>
<b>Total Corporation - National &amp; Community Service</b>			<b>249,187</b>	<b>0</b>
<b>TOTAL FEDERAL EXPENDITURES</b>			<b>\$ 2,307,025</b>	<b>\$ 49,000</b>
<b>STATE AWARDS</b>		<b>Pass-Through</b>		
Grantor/Pass Through Grantor/Program Title	State Profile ID	Grantor's Number	State Expenditures	Subrecipient Awards
<b>WISCONSIN DEPARTMENT OF ADMINISTRATION</b>				
<u>Paid Directly to Grantee</u>				
<u>Public Benefits - Low Income Assistance</u>				
July 1, 2014 - June 30, 2016	505.371	505DES-G15-AD14987714-14	\$ 734,492	\$ 0
EF: October 1, 2015 - September 30, 2016	505.371	505DES-G15-AD14987714-14	148,162	0
EF: October 1, 2016 - September 30, 2017	505.371	WX1718.14	195,292	0
July 1, 2016 - June 30, 2018		WX1718.14	1,086,699	0
Total for Wisconsin Public Benefits			<b>2,164,645</b>	<b>0</b>
<u>Homeless Prevention Program</u>				
July 1, 2015 - August 31, 2016	505.703	ETH 1513	\$ 33,667	\$ 0
July 1, 2016 - June 30, 2017	505.703	ETH 1614	33,268	0
Total for Homeless Prevention			<b>66,935</b>	<b>0</b>
<b>Total for Wisconsin Department of Administration</b>			<b>2,231,580</b>	<b>0</b>

# North Central Community Action Agency, Inc.

## Schedule of Expenditures of Federal, State, and Other Awards Year Ended December 31, 2016

STATE AWARDS	State Profile	Pass-Through Grantor's	State	Subrecipient
<u>Grantor/Pass Through Grantor/Program Title</u>	<u>ID</u>	<u>Number</u>	<u>Expenditures</u>	<u>Awards</u>
<b>WISCONSIN DEPARTMENT OF CHILDREN &amp; FAMILIES</b>				
Wisconsin Community Action Program				
<u>Skills Enhancement Program</u>				
July 1, 2015 - June 30, 2016		UNAVAILABLE	4,396	0
July 1, 2016 - June 30, 2017		437004-G16-0000871-000-09	3,432	0
<b>Total for Wisconsin Department of Children &amp; Families</b>			<b>7,828</b>	
<b>WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT</b>				
Wisconsin Community Action Program				
<u>Job &amp; Business Development</u>				
January 1, 2016 - December 31, 2016		UNAVAILABLE	20,000	0
<b>Total State Expenditures</b>			<b>\$ 2,259,408</b>	<b>\$ 0</b>
<b><u>OTHER AWARDS</u></b>				
			<u>Other</u>	<u>Subrecipient</u>
			<u>Expenditures</u>	<u>Awards</u>
<b>RENTS</b>				
<u>Capistry Town Homes</u>				
January 1, 2016 - December 31, 2016			\$ 42,432	\$ 0
<b>MARSHFIELD UNITED WAY</b>				
<u>Outreach Program Office</u>				
April 1, 2015 - March 31, 2016			2,974	0
April 1, 2016 - March 31, 2017			16,818	0
<b>UNITED WAY OF INNER WISCONSIN</b>				
<u>Outreach Program</u>				
January 1, 2016 - December 31, 2016			\$ 51,810	\$ 0
<b>MERRILL AREA UNITED WAY</b>				
January 1, 2016 - December 31, 2016			17,437	0
<b>MARATHON COUNTY UNITED WAY</b>				
January 1, 2016 - December 31, 2016			266,363	0
<u>Law Enforcement Grant</u>				
January 1, 2013 - December 31, 2016			123	0

# North Central Community Action Agency, Inc.

## Schedule of Expenditures of Federal, State, and Other Awards Year Ended December 31, 2016

	<u>Other Expenditures</u>	<u>Subrecipient Awards</u>
<b>ALEXANDER FOUNDATION</b>		
<u>Marathon County Summer Youth</u> January 1, 2016 - December 31, 2016	82,479	0
<b>LEGACY FOUNDATION</b>		
<u>Skills Enhancement</u> June 1, 2016 - May 31, 2017	4,787	0
<b>LOCAL CROWD FUNDING</b>		
<u>Special Donation- 2016</u>	6,326	0
<b>MATCHING AWARDS</b>		
January 1, 2016 - December 31, 2016	<u>248,173</u>	<u>0</u>
<b>Total Other Awards</b>	<u>739,722</u>	<u>0</u>
<b>Total Federal, State, and Other Program Expenditures</b>	<u>\$ 5,306,155</u>	<u>\$ 49,000</u>
<b>Corporate expenditures and grant funded depreciation</b>	<u>\$ 100,878</u>	<u>\$ 0</u>
<b>Total Expenditures</b>	<u><u>\$ 5,407,033</u></u>	<u><u>\$ 49,000</u></u>

### Notes to Schedule of Expenditures of Federal Awards and Other Awards

#### Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal, state, and other awards (the "Schedule") includes the federal award activity of North Central Community Action Program, Inc., Inc. under programs of the federal government as well as state and other activities for the year ended December 31, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of North Central Community Action Agency, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of North Central Community Action Program, Inc.

#### Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

#### Note 3 - Indirect Cost Rate

North Central Community Action Program, Inc. has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

# North Central Community Action Program, Inc.

## Schedule of Emergency Furnace Activity by Contract

Year Ended December 31, 2016

<u>Contract #</u>	<u>Prior Audit Period Cash Received</u>	<u>Current Audit Period Cash Received</u>	<u>True up Received (Paid)</u>	<u>Net Contract to Date Cash Received</u>	<u>Prior Audit Period Expenses</u>	<u>Current Audit Period Expenses</u>	<u>Contract to Date Expenses</u>
505DES-G15-AD14987714-14	\$ 118,038	\$ 223,780	\$ 0	\$ 341,818	\$ 135,089	\$ 206,729	\$ 341,818
WX1718.14	0	133,480	0	133,480	0	199,305	199,305
	<u>\$ 118,038</u>	<u>\$ 357,260</u>	<u>\$ 0</u>	<u>\$ 475,298</u>	<u>\$ 135,089</u>	<u>\$ 406,034</u>	<u>\$ 541,123</u>



## **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters**

Board of Directors  
North Central Community Action Program, Inc.  
Wisconsin Rapids, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of North Central Community Action Program, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 8, 2017.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered North Central Community Action Program, Inc.'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 North Central Community Action Program, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of North Central Community Action Program, Inc.'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the 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. 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.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether North Central Community Action Program, Inc.'s financial statements are free from 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*.

## **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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

May 8, 2017  
Madison, Wisconsin





## **Independent Auditor's Report on Compliance for Each Major Federal and State Program and on Internal Control Over Compliance**

Board of Directors  
North Central Community Action Program, Inc.  
Wisconsin Rapids, Wisconsin

### **Report on Compliance for Each Major Federal and State Program**

We have audited North Central Community Action Program, Inc.'s compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration, that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2016. North Central Community Action Program, Inc.'s major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with statutes, regulations, and the terms and conditions of its grant awards applicable to its federal and state programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of North Central Community Action Program, Inc.'s major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about North Central Community Action Program, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide legal determination North Central Community Action Program, Inc.'s compliance.

## Opinion on Each Major Federal and State Program

In our opinion, North Central Community Action Program, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2016.

## Report on Internal Control Over Compliance

Management of North Central Community Action Program, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered North Central Community Action Program, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of North Central Community Action Program, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance and the *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.



Wipfli LLP

May 8, 2017

Madison, Wisconsin

# North Central Community Action Program, Inc.

## Schedule of Findings and Questioned Costs Year Ended December 31, 2016

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### Section I - Summary of Auditor's Results

#### Financial Statements

Type of auditor's report issued?	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	No
Noncompliance material to financial statements noted?	No

#### Federal and State Awards

Internal control over major federal and state programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	No
Type of auditor's report issued on compliance for major program	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance [2 CFR 200.516(a)] and <i>State Single Audit Guidelines</i> , as applicable?	No

Identification of major federal and state programs:

<u>Name of Federal Major Program or Cluster</u>	<u>CFDA No.</u>
<ul style="list-style-type: none"> <li>• <b>U.S Department of Energy</b></li> </ul>	
Weatherization	81.042
<ul style="list-style-type: none"> <li>• <b>U.S Department of Energy</b></li> </ul>	
Low-Income Home Energy Assistance Program	93.568

<u>Name of State Major Program or Cluster</u>	<u>State ID No.</u>
Public Benefits	505.371

Dollar threshold used to distinguish between Type A and Type B programs:	
Federal	\$750,000
State	\$250,000

Auditee qualified as low-risk auditee?	Yes
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# North Central Community Action Program, Inc.

## Schedule of Findings and Questioned Costs Year Ended December 31, 2016

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### Section II - Financial Statement Findings

None

### Section III - Federal Award Findings and Questioned Costs

None

### Section IV - Summary Schedule of Prior Year Findings

None

### Section V - Other Issues

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

Does the audit report show audit issues related to grants/contracts with funding agencies that require audits to be in accordance with the Wisconsin State Single Audit Guidelines?

Wisconsin Department of Workforce Development

No

Wisconsin Department of Administration

No

Wisconsin Department of Children and Families

No

Was a management letter or other document conveying audit comments issued as a result of this audit?

No

Name and signature of partner



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Jean M. Christensen, CPA

Date of report

May 8, 2017