

North Central Community Action Program, Inc.

Financial Statements and Supplemental
Information

Year Ended December 31, 2020



North Central Community Action Program, Inc.

Financial Statements and Supplementary Information
Year Ended December 31, 2020

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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., (a nonprofit organization) which comprise the statement of financial position as of December 31, 2020, the related statements of activities, functional expenses, 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, 2020, 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.

We also have previously audited, in accordance with auditing standards generally accepted in the United States, the statement of financial position of North Central Community Action Program, Inc. as of December 31, 2019, and the related statements of activities and cash flows for the year then ended (not presented herein), and we expressed an unmodified opinion on those financial statements. That audit was conducted for purposes of forming an opinion on the financial statements as a whole. The prior year expenses on the schedule of emergency furnace activity by contract, are presented for purposes of additional analysis. Such information is the responsibility of management and the prior year expenses were derived from and relate directly to the underlying accounting and other records used to prepare the December 31, 2019, financial statements. The information has been subjected to the auditing procedures applied in the audit of those 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 prior year expenses included on the supplementary schedule are fairly stated, in all material respects, in relation to the financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2021, 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 solely 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 effectiveness of North Central Community Action Program, Inc.'s 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.

Wipfli LLP

Wipfli LLP

May 26, 2021

Green Bay, Wisconsin

North Central Community Action Program, Inc.

Statement of Financial Position

December 31, 2020

Assets	
Current assets:	
Cash and cash equivalents	\$ 331,313
Grants receivable	474,683
Accounts receivable	16,236
Weatherization inventory	472,531
Notes and interest receivable, net	2,326
Prepaid expenses	176,487
Total current assets	1,473,576
Property and equipment, net	682,920
TOTAL ASSETS	\$ 2,156,496
Liabilities and Net Assets	
Current liabilities:	
Accounts payable	\$ 148,344
Accrued payroll and related expenses	324,869
Refundable advance liability	616,799
Total current liabilities	1,090,012
Long-term liabilities - Deferred revenue	179,070
Total liabilities	1,269,082
Net assets:	
Without donor restrictions	
Undesignated	311,564
Designated by the board for grant funded equipment	462,924
Total net assets without donor restrictions	774,488
With donor restrictions - HOME program	112,926
Total net assets	887,414
TOTAL LIABILITIES AND NET ASSETS	\$ 2,156,496

North Central Community Action Program, Inc.

Statement of Activities

Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Public support:			
Grant revenue	\$ 6,813,093	\$ 0	\$ 6,813,093
Contributions	1,999	0	1,999
Matching contributions	94,068	0	94,068
In-kind revenue	117,877	0	117,877
Net assets released from restrictions	16,696	(16,696)	0
Total public support	7,043,733	(16,696)	7,027,037
Revenue:			
Investment income	292	16,696	16,988
Miscellaneous income	20,297	0	20,297
Loss on disposition of assets	(7,713)	0	(7,713)
Rental income	33,270	0	33,270
Total revenue	46,146	16,696	62,842
Total public support and revenue	7,089,879	0	7,089,879
Expenses:			
Program expenses	6,811,878	0	6,811,878
Management and general	252,500	0	252,500
Total expenses	7,064,378	0	7,064,378
Change in net assets	25,501	0	25,501
Net assets - Beginning of year	748,987	112,926	861,913
Net assets - End of year	\$ 774,488	\$ 112,926	\$ 887,414

North Central Community Action Program, Inc.

Statement of Functional Expenses

Year Ended December 31, 2020

	Energy	Housing and Homeless	Job and Skills Training	Other	Total Programs	Management and General	Total
Salaries and wages	\$ 1,119,171	\$ 211,734	\$ 188,854	\$ 139,031	\$ 1,658,790	\$ 152,896	\$ 1,811,686
Fringe benefits	678,035	68,668	39,081	75,608	861,392	71,816	933,208
Office supplies	84,852	4,033	4,406	27,656	120,947	1,108	122,055
Travel	64,264	2,470	539	1,539	68,812	280	69,092
Space	53,649	0	6,128	24,083	83,860	8,200	92,060
Utilities	9,827	5,659	0	405	15,891	825	16,716
Telephone	27,946	1,767	2,023	13,324	45,060	875	45,935
Insurance	86,111	1,667	0	3,120	90,898	1,920	92,818
Tools and equipment	17,566	8,544	0	0	26,110	0	26,110
Audit	15,300	0	0	0	15,300	7,200	22,500
Training	20,953	0	2,703	337	23,993	0	23,993
Beneficiary payments	0	928,555	0	107,751	1,036,306	0	1,036,306
Subcontractor	501,578	0	0	0	501,578	0	501,578
Weatherization assistance	1,999,755	0	0	0	1,999,755	0	1,999,755
Depreciation	57,709	9,802	0	4,930	72,441	0	72,441
Other	24,664	0	17,745	13,763	56,172	7,380	63,552
Provision for loan loss	0	16,696	0	0	16,696	0	16,696
In-kind	0	0	117,877	0	117,877	0	117,877
Total expenses	\$ 4,761,380	\$ 1,259,595	\$ 379,356	\$ 411,547	\$ 6,811,878	\$ 252,500	\$ 7,064,378

See accompanying notes to financial statements.

North Central Community Action Program, Inc.

Statement of Cash Flows

Year Ended December 31, 2020

Increase (decrease) in cash and cash equivalents:

Cash flows from operating activities:

Change in net assets \$ 25,501

Adjustments to reconcile change in net assets

to net cash from operating activities:

Depreciation 72,441

Loss on disposal of assets 7,713

Provision for loan loss 16,696

Changes in operating assets and liabilities:

Grants receivable (256,517)

Accounts receivable (11,838)

Weatherization inventory (37,378)

Prepaid expenses (43,566)

Accounts payable (83,249)

Accrued payroll and related expenses 41,831

Refundable advance liability 153,842

Deferred revenue (3,385)

Accrued interest receivable (16,696)

Net cash from operating activities (134,605)

Cash flows from investing activities:

Payments received on notes receivable 2,475

Capital expenditures (41,674)

Net cash from investing activities (39,199)

Change in cash and cash equivalents (173,804)

Cash and cash equivalents - Beginning of year 505,117

Cash and cash equivalents - End of year \$ 331,313

North Central Community Action Program, Inc.

Notes to Financial Statements

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 Langlade, Lincoln, Marathon, Price, Rusk, Sawyer, Taylor, 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 57% of the total revenue of the Organization.

Basis of Presentation

The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP).

Classification of Net Assets

Net assets and revenue, 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:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions or where donor-imposed restrictions have been met in the year of the contribution. The Board has designated from net assets without donor restrictions, the net book value of grant funded equipment as Board-designated net assets.

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

Use of Estimates

The preparation of financial statements in accordance with GAAP 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

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

Revenue Recognition

Contributions, including unconditional promises to give, are recognized as revenue when received. Conditional contributions and promises to give, are recognized as revenue when the barriers to entitlement are overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets is removed. Assets received for which the condition has not been satisfied are recorded as a refundable advance liability.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions when placed in service.

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 7).

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

Grant Awards That Are Contributions

Grants awards that are contributions are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability.

Grant Awards That Are Exchange Transactions

Exchange transactions are those in which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability. The Organization has no revenues or grant awards that are exchange transactions.

North Central Community Action Program, Inc.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

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 collectable; therefore, no allowance has been recorded as of December 31, 2020.

Weatherization Inventory

Weatherization materials are stated at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. 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 5.

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 5 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 uncollectable amounts. The allowance is an amount that management believes will be adequate to absorb the losses on existing loans that may become uncollectable based on an evaluation of specific customer attributes.

North Central Community Action Program, Inc.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Notes and Interest Receivable (Continued)

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 uncollectable 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 uncollectable, 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.

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 is designated for use in specific programs operated by the Organization.

Functional Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Space and related costs are allocated based on square footage. Telephone costs including fax and internet charges are allocated based on the number of phones used by each program. Personnel costs as well as supplies are allocated on the basis of time and effort.

North Central Community Action Program, Inc.

Notes to Financial Statements

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

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.

Recently Adopted Accounting Pronouncements

On June 21, 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU assist in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) subject to Subtopic 958-605 or as exchange (reciprocal) transactions subject to Accounting Standards Codification 606 and (2) determining whether a contribution is conditional. The guidance in Subtopic 958-605 requires an entity to determine whether a transaction is conditional, which affects the timing of the revenue or expense/obligation recognized. The entity has applied the amendments in this ASU related to resources provided on a modified prospective basis for the year ended December 31, 2020. There was no change on opening balances of net assets and no prior period results were restated.

Subsequent Events

Subsequent events have been evaluated through May 26, 2021, which is the date the financial statements were available to be issued.

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 **Liquidity and Availability**

The Organization does not have a formal liquidity policy, but generally maintains financial assets in liquid form, such as cash and cash equivalents for approximately one month of operating expenses. The Organization can rely on a lower cash balance as it is primarily funded with cost reimbursement grants. Under cost reimbursement grants, once expenses are incurred an organization can request reimbursement from the funding source. The grants have varying renewal dates. The Organization's largest grant renews in July of each year.

North Central Community Action Program, Inc.

Notes to Financial Statements

Note 3 Liquidity and Availability (Continued)

At December 31, 2020, the Organization has approximately \$4,400,000 of signed grant agreements that are available for expenditure in 2021.

Financial assets available for general expenditure, that is, without donor or other restrictions or designations limiting their use, within 12 months of the statement of financial position date, comprise the following as of December 31, 2020:

Cash and cash equivalents	\$	331,313
Accounts receivable		16,236
Weatherization inventory		472,531
<hr/>		
Subtotal financial assets		820,080
Less: Refundable advance liability – Private grant in cash and cash equivalents	(67,749)
Less: Refundable advance liability – Weatherization advance	(549,050)
Less: Restricted program contributions included in cash and cash equivalents	(112,926)
<hr/>		
Total	\$	90,355

Note 4 Grants Receivable

The grants receivable balance represents amounts due from the various funding sources as follows as of December 31, 2020:

Federal programs	\$	392,938
State programs		77,853
Other programs		3,892
<hr/>		
Total	\$	474,683

Note 5 Notes and Interest Receivable

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 Organization matching funds.

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.

North Central Community Action Program, Inc.

Notes to Financial Statements

Note 5 Notes and Interest Receivable (Continued)

Notes and Interest Receivable from Revolving Loan Funds (Continued)

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, 2020, was \$22,245.

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. All of the loans except for one loan as of December 31, 2020, are considered to be impaired, are provided for 100% in the allowance, and are on nonaccrual status. No interest has been received on the loans on nonaccrual status. The Organization recorded an allowance for loan losses of \$19,919 at December 31, 2020. The allowance for loan loss on revolving loan funds did not change in 2020.

The allowance for loan losses relates to loans as of December 31, 2020:

Individually evaluated for impairment	\$ 19,919
Collectively evaluated for impairment	2,326
<u>Total</u>	<u>\$ 22,245</u>

The revolving loans receivable balance as of December 31, 2020, consisted of the following:

Revolving loans receivable	\$ 22,245
Allowance for loan losses	(19,919)
Revolving loans receivable, net	2,326
Current portion	(2,326)
<u>Long-term revolving loans receivable</u>	<u>\$ 0</u>

Notes and Interest Receivables from Limited Liability Companies

The Organization has two loans, through grants received from the State of Wisconsin Department of Commerce, to Limited Liability Companies for Community Housing Development Projects where the Organization acted 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 net assets with donor restrictions and be used to create new loans. The Organization does not expect to collect the principal portion of the amounts recorded based on its knowledge of similar companies and the Organization's position in the operating agreement distribution of cash flow.

North Central Community Action Program, Inc.

Notes to Financial Statements

Note 5 Notes and Interest Receivable (Continued)

Notes and Interest Receivables from Limited Liability Companies (Continued)

Amounts due at December 31, 2020, 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 \$534,600. As of December 31, 2020, the loan is considered impaired and was placed on nonaccrual status. \$ 534,600

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. 546,226

Total notes and interest receivable	\$ 1,080,826
Allowance for uncollectible	(1,080,826)

Notes and interest receivable, net \$ 0

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 and the financial condition of the partnership. The principal portion of the loans are considered to be impaired and are provided for 100% in the allowance. The allowance for loan loss on revolving loan funds increased this year by \$16,696. The Organization has received interest payments from Colby-Abbotsford Senior Village, LLC which is why the loan has not been placed on nonaccrual status. The average balance for loans on nonaccrual status is \$534,600.

North Central Community Action Program, Inc.

Notes to Financial Statements

Note 6 Property and Equipment

A summary of property and equipment is as follows as of December 31, 2020:

Land	\$	219,997
Buildings and building improvement		392,077
Equipment		110,595
Vehicles		428,451
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Total cost		1,151,120
Accumulated depreciation	(468,200)
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Property and equipment, net	\$	682,920

Note 7 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.

Deferred rent revenue is \$179,070 as of December 31, 2020. Land lease revenue for the year ended December 31, 2020, was \$3,385.

Future minimum lease income on the land lease beyond December 31, 2020, is as follows:

2021	\$	3,385
2022		3,385
2023		3,385
2024		3,385
2025		3,385
Thereafter		162,145
<hr/>		
Total	\$	179,070

North Central Community Action Program, Inc.

Notes to Financial Statements

Note 8 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 \$118,155 for the year ended December 31, 2020. The retirement benefits are fully vested with the employees at the time of contribution.

Note 9 Grant Awards

At December 31, 2020, the Organization had commitments under various grants of approximately \$4,400,000. These commitments are not recognized in the accompanying financial statements as they are conditional awards.

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, 2020, totaled \$153,597. Future minimum lease payments on leases having non-cancelable terms beyond December 31, 2020, are as follows:

2021	\$	71,904
2022		12,000
<hr/>		
Total	\$	83,904

Supplementary Information

North Central Community Action Agency, Inc.

Schedule of Expenditures of Federal, State, and Other Awards Year Ended December 31, 2020

FEDERAL AWARDS Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures	Subrecipient Awards
U.S. DEPARTMENT OF HOUSING/URBAN DEVELOPMENT				
City of Wausau				
CDBG Entitlement Grants Cluster				
<u>COVID 19- Community Development Block Grant COVID</u>				
June 5, 2020 - June 4, 2021	14.218	CDBG-CV	\$ 22,406	\$ 0
Wisconsin Housing Economic Development Authority				
<u>Section 8 Housing Choice Vouchers</u>				
January 1, 2020 - December 31, 2020				
Housing Voucher Cluster Program	14.871	HCVP	221,997	0
<u>Paid Directly to Grantee</u>				
<u>Permanent Supportive Housing Continuum</u>				
July 1, 2019 - June 30, 2020	14.267	WI0219L5I001800	108,789	0
July 1, 2020 - June 30, 2021	14.267	WI0219L5I001901	60,744	0
<u>Wisconsin Balance of State- Continuum of Care</u>				
<u>Support Service Only Continuum of Care Program</u>				
July 1, 2019 - June 30, 2020	14.267	SSO - COC	16,536	0
July 1, 2020 - June 30, 2021	14.267	SSO - COC	16,676	0
TOTAL CFDA # 14.267			202,745	0
Wisconsin Department of Administration				
<u>Emergency Solutions Grant</u>				
July 1, 2019 - September 30, 2020	14.231	EHH 19-12	79,124	39,048
July 1, 2020 - September 30, 2021	14.231	EHH 20-11	63,833	46,937
<u>COVID 19- Emergency Solutions Grant -COVID</u>				
July 01, 2020 - April 30, 2022	14.231	ESG CV 20-11	137,992	129,458
TOTAL CFDA # 14.231			280,949	215,443
Wisconsin Department of Administration				
<u>HOME Tenant Based Rental Assistance</u>				
July 1, 2019 - June 30, 2021	14.239	TBRA 19-10	100,084	0
Total for U.S. Department of Housing and Urban Development			828,181	215,443
DEPARTMENT OF THE TREASURY				
Wisconsin Department of Administration				
<u>COVID 19- Wisconsin Rental Assistance Program- WRAP</u>				
May 20, 2020 -November 24, 2020	21.019	WRAP 20-09	56,482	0
Total for Department of the Treasury			56,482	0

North Central Community Action Agency, Inc.

Schedule of Expenditures of Federal, State, and Other Awards (Continued)

Year Ended December 31, 2020

FEDERAL AWARDS		Federal CFDA	Pass-Through Grantor's	Federal	Subrecipient
Grantor/Pass Through Grantor/Program Title	Number	Number	Expenditures	Awards	
U.S. DEPARTMENT OF ENERGY					
Wisconsin Department of Administration					
<u>Weatherization Assistance for Low-Income Persons</u>					
July 1, 2019 - September 30, 2020	81.042	00WX1920.14	\$ 316,245	\$ 0	
July 1, 2020 - June 30, 2021	81.042	00WX2021.14	376,152		
TOTAL CFDA # 81.042			692,397	0	
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Wisconsin Department of Administration					
<u>Low Income Home Energy Assistance</u>					
July 1, 2019- September 30, 2020	93.568	00WX1920.14	115,448		0
EF: October 1, 2019 - September 30, 2020	93.568	00WX1920.14	109,211		0
July 1, 2020- June 30, 2021	93.568	00WX2021.14	222,720		0
EF: October 1, 2020 - September 30, 2021	93.568	00WX2021.14	279		0
TOTAL CFDA # 93.568			447,658	0	
Wisconsin Department of Children & Families					
<u>Community Services Block Grant</u>					
January 1, 2020 - December 31, 2020	93.569	437004-G20-0001511-000-11	270,801		0
<u>COVID 19- Community Services Block Grant -CARES</u>					
June 1, 2020 - September 30, 2022	93.569	437004-G20-0001632-000-11	147,577		0
TOTAL CFDA # 93.569			418,378	0	
Total for U.S. Department of Health and Human Services			866,036	0	
CORPORATION - NATIONAL & COMMUNITY SERVICE					
Wisconsin Department of Administration					
<u>AmeriCorps</u>					
August 15, 2019 - August 14, 2020	94.006	AD199127	130,375		0
August 15, 2020 - August 14, 2021	94.006	AD199127	49,685		0
TOTAL CFDA # 94.006			180,060	0	
TOTAL FEDERAL EXPENDITURES			\$ 2,623,156	\$ 215,443	
STATE AWARDS		State CFDA	Pass-Through Grantor's	State	Subrecipient
Grantor/Pass Through Grantor/Program Title	Number	Number	Expenditures	Awards	
WISCONSIN DEPARTMENT OF ADMINISTRATION					
<u>Paid Directly to Grantee</u>					
<u>Public Benefits - Low Income Assistance</u>					
EF: October 1, 2019 - September 30, 2020	505.371	00WX1920.14	\$ 453,775	\$ 0	
July 1, 2019 - September 30, 2020	505.371	00WX1920.14	2,159,431		0
EF: October 1, 2020 - September 30, 2021	505.371	00WX2021.14	345,104		0
July 1, 2020 - June 30, 2021	505.371	00WX2021.14	819,091		0
Total for Wisconsin Public Benefits			3,777,401	0	

North Central Community Action Agency, Inc.

Schedule of Expenditures of Federal, State, and Other Awards (Continued)

Year Ended December 31, 2020

STATE AWARDS	State CFDA	Pass-Through Grantor's	State	Subrecipient
<u>Grantor/Pass Through Grantor/Program Title</u>	<u>Number</u>	<u>Number</u>	<u>Expenditures</u>	<u>Awards</u>
WISCONSIN DEPARTMENT OF ADMINISTRATION (Continued)				
<u>Homeless Prevention Program</u>				
July 1, 2019 - September 30, 2020	505.703	EHH 19-12	\$ 35,172	\$ 0
July 1, 2020 - September 30, 2021	505.703	EHH 20-11	24,600	0
Total for Homeless Prevention			59,772	0
Total for Wisconsin Department of Administration			3,837,173	0
WISCONSIN DEPARTMENT OF CHILDREN & FAMILIES				
<u>Skills Enhancement Program</u>				
July 1, 2019 - June 30, 2020		437004-G20- 0001459-000-09	1,111	0
Total for Wisconsin Department of Children & Families			1,111	0
TOTAL STATE EXPENDITURES			\$ 3,838,284	\$ 0
<u>OTHER AWARDS</u>				
<u>Grantor/Pass Through Grantor/Program Title</u>		Pass-Through Grantor's	Other	Subrecipient
<u>RENTS</u>		<u>Number</u>	<u>Expenditures</u>	<u>Awards</u>
<u>Capistry Town Homes</u>				
January 1, 2020 - December 31, 2020			\$ 21,490	\$ 0
MARSHFIELD UNITED WAY				
<u>Outreach Program Office</u>				
April 1, 2019 - March 31, 2020			9,442	0
April 1, 2020- March 31, 2021			17,435	0
UNITED WAY OF INNER WISCONSIN				
<u>Outreach Program</u>				
January 1, 2020 - December 31, 2020			54,525	0
MERRILL AREA UNITED WAY				
January 1, 2020 - December 31, 2020			18,000	0
MARATHON COUNTY UNITED WAY				
January 1, 2020 - December 31, 2020			210,000	0
COVID 19- ASSOCIATED BANK - MARSHFIELD				
January 1, 2020 - December 31, 2020		MF-COVID	2,000	0
COVID 19- MC COMMUNITY FOUNDATION				
March 27, 2020 - December 31, 2021		MC-CF-COVID	495	0
MATCHING AWARDS				
January 1, 2020 - December 31, 2020			211,944	0
TOTAL OTHER AWARDS			\$ 545,331	\$ 0
TOTAL PROGRAM ACTIVITY			\$ 7,006,771	\$ 215,443
CORPORATE ACTIVITY			57,607	0
TOTAL EXPENDITURES			\$ 7,064,378	\$ 215,443

North Central Community Action Agency, Inc.

Schedule of Expenditures of Federal, State, and Other Awards (Continued)
Year Ended December 31, 2020

Notes to Schedule of Expenditures of Federal, State 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, 2020. 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, 2020

<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>
00WX1920.14 19/20	\$ 273,862	\$ 664,862	\$ 0	\$ 938,724	\$ 376,931	\$ 562,986	\$ 939,917
00WX2021.14 20/21	0	280,824	0	280,824	0	345,383	345,383
	<u>\$ 273,862</u>	<u>\$ 945,686</u>	<u>\$ 0</u>	<u>\$ 1,219,548</u>	<u>\$ 376,931</u>	<u>\$ 908,369</u>	<u>\$ 1,285,300</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, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 26, 2021.

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”) as a basis for designing 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 a 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 financial statements. 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 cursive script that reads "Wipfli LLP".

Wipfli LLP

May 26, 2021

Green Bay, 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, 2020. 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 of 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, 2020.

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 a 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 26, 2021

Green Bay, Wisconsin

North Central Community Action Program, Inc.

Schedule of Findings and Questioned Costs
Year Ended December 31, 2020

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"> U.S Department of Energy 	
Weatherization Assistance Program	81.042
<ul style="list-style-type: none"> U.S Department of Energy 	
Low-Income Home Energy Assistance Program	93.568

<u>Name of State Major Program or Cluster</u>	<u>State ID No.</u>
Public Benefits Weatherization	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, 2020

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

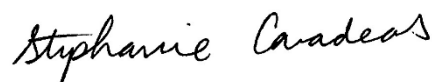
Wisconsin Department of Children and Families

No

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

No

Name and signature of partner



Stephanie Cavadeas, CPA

Date of report

May 26, 2021