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302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

October 21, 2021

Board of Directors
Northwest Indiana Community Action Corporation
5240 Fountain Drive
Crown Point, IN 46307

We have reviewed the audit report of Northwest Indiana Community Action Corporation which was opined upon by Wipfli, LLP, Independent Public Accountants, for the period January 1, 2019 to December 31, 2019. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Northwest Indiana Community Action Corporation as of December 31, 2019 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Wipfli, LLP prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

The audit report is filed with this letter in our office as a matter of public record.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

**Northwest Indiana Community
Action Corporation and Subsidiary**

Crown Point, Indiana

Consolidated Financial Statements and
Supplementary Information

Years Ended December 31, 2019 and 2018

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STATE BOARD OF ACCOUNTS

Northwest Indiana Community Action Corporation and Subsidiary

Consolidated Financial Statements and Supplementary Information
Years Ended December 31, 2019 and 2018

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Independent Auditor's Report

Board of Directors
Northwest Indiana Community Action Corporation and Subsidiary
Crown Point, Indiana

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Northwest Indiana Community Action Corporation and Subsidiary (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements. We have also audited the accompanying financial statements of Northwest Indiana Community Action Corporation, which comprise the statement of financial position as of December 31, 2018, and the related statement 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 Consolidated 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 audits. We conducted our audits 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. The financial statements of Flourish NWI, LLC, a subsidiary of Northwest Indiana Community Action Corporation, were not audited in accordance with *Government Auditing Standards*.

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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Northwest Indiana Community Action Corporation and Subsidiary as of December 31, 2019, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States. Also, in our opinion, the 2018 financial statements referred to above present fairly, in all material respects, the financial position of Northwest Indiana Community Action Corporation as of December 31, 2018, 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 audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the consolidating statement of financial position and consolidating statement of activities, are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 August 20, 2020, on our consideration of Northwest Indiana Community Action Corporation'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 Northwest Indiana Community Action Corporation'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 Northwest Indiana Community Action Corporation's internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP

August 20, 2020
Madison, Wisconsin

Northwest Indiana Community Action Corporation and Subsidiary

Consolidated Statements of Financial Position December 31, 2019 and 2018

<i>Assets</i>	Consolidated 2019	2018
Current assets:		
Cash	\$ 1,642,048	\$ 1,433,497
Prepaid expenses	49,805	43,857
Grants receivable, net	4,193,116	3,366,822
Total current assets	5,884,969	4,844,176
Property and equipment, net	110,892	207,438
TOTAL ASSETS	\$ 5,995,861	\$ 5,051,614
<i>Liabilities and Net Assets</i>		
Current liabilities:		
Accounts payable	\$ 1,606,013	\$ 1,850,280
Accrued payroll and related expenses	280,102	247,354
Grant funds received in advance	11,629	41,625
Total liabilities	1,897,744	2,139,259
Net assets:		
Without donor restrictions	4,071,822	2,912,355
With donor restrictions	26,295	0
Total net assets	4,098,117	2,912,355
TOTAL LIABILITIES AND NET ASSETS	\$ 5,995,861	\$ 5,051,614

See accompanying notes to consolidated financial statements.

Northwest Indiana Community Action Corporation and Subsidiary

Consolidated Statements of Activities Years Ended December 31, 2019 and 2018

	2019 (Consolidated)		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Grant revenue	\$ 28,477,854	\$ 0	\$ 28,477,854
Loss on sale of property	(86,482)	0	(86,482)
Other income	207,343	31,000	238,343
Net assets released from restrictions	4,705	(4,705)	0
Total revenue	28,603,420	26,295	28,629,715
Expenses:			
Program activities:			
Community services	10,621,450	0	10,621,450
Elderly services	7,781,303	0	7,781,303
Energy services	7,380,184	0	7,380,184
Total program activities	25,782,937	0	25,782,937
Management and general	1,661,016	0	1,661,016
Total expenses	27,443,953	0	27,443,953
Change in net assets	1,159,467	26,295	1,185,762
Net assets - Beginning of year	2,912,355	0	2,912,355
Net assets - End of year	\$ 4,071,822	\$ 26,295	\$ 4,098,117

Northwest Indiana Community Action Corporation and Subsidiary

Consolidated Statements of Activities (Continued)
Years Ended December 31, 2019 and 2018

	2018		Total
	Without Donor Restriction	With Donor Restriction	
Revenue:			
Grant revenue	\$ 30,275,902	\$ 0	\$ 30,275,902
Loss on sale of property	0	0	0
Other income	245,924	0	245,924
Net assets released from restrictions	0	0	0
Total revenue	30,521,826	0	30,521,826
Expenses:			
Program activities:			
Community services	10,486,103	0	10,486,103
Elderly services	8,210,477	0	8,210,477
Energy services	9,588,034	0	9,588,034
Total program activities	28,284,614	0	28,284,614
Management and general	1,638,789	0	1,638,789
Total expenses	29,923,403	0	29,923,403
Change in net assets	598,423	0	598,423
Net assets - Beginning of year	2,313,932	0	2,313,832
Net assets - End of year	\$ 2,912,355	\$ 0	\$ 2,912,355

See accompanying notes to consolidated financial statements.

Northwest Indiana Community Action Corporation and Subsidiary

Consolidated Statement of Functional Expenses Year Ended December 31, 2019

	Consolidated		
	Management and General	Program	Total
Salaries	\$ 838,127	\$ 5,114,073	\$ 5,952,200
Fringe benefits	223,681	2,015,230	2,238,911
Professional fees and contract service payments	87,509	116,167	203,676
Specific assistance to individuals	0	17,325,817	17,325,817
Supplies	8,297	123,661	131,958
Telephone	35,397	101,265	136,662
Insurance	30,639	25,706	56,345
Occupancy	274,616	96,929	371,545
Travel	13,393	123,558	136,951
Leases and rentals	12,166	371,289	383,455
Vehicle repairs, maintenance, and operations	1,528	4,056	5,584
Dues and registration	19,817	88,071	107,888
Board meetings	977	0	977
Postage	0	34,218	34,218
Printing	2,867	32,565	35,432
Employee development	11,775	20,450	32,225
Equipment and repairs	89,481	58,807	148,288
Bad debt expense	0	77,550	77,550
Miscellaneous	10,746	6,986	17,732
Depreciation	0	46,539	46,539
Total expenses	\$ 1,661,016	\$ 25,782,937	\$ 27,443,953

Northwest Indiana Community Action Corporation and Subsidiary

Consolidated Statement of Functional Expenses Year Ended December 31, 2018

	Management and General	Program	Total
Salaries	\$ 854,287	\$ 4,804,596	\$ 5,658,883
Fringe benefits	215,122	1,845,189	2,060,311
Professional fees and contract service payments	106,003	89,348	195,351
Specific assistance to individuals	0	20,146,886	20,146,886
Supplies	9,939	462,386	472,325
Telephone	37,910	100,445	138,355
Insurance	30,711	23,819	54,530
Occupancy	228,952	94,149	323,101
Travel	16,565	113,557	130,122
Leases and rentals	12,491	333,866	346,357
Vehicle repairs, maintenance, and operations	1,498	7,359	8,857
Dues and registration	23,182	75,794	98,976
Board meetings	891	0	891
Postage	4,647	24,503	29,150
Printing	2,598	17,354	19,952
Employee development	6,609	13,926	20,535
Equipment and repairs	81,829	91,340	173,169
Miscellaneous	5,555	416	5,971
Depreciation	0	39,681	39,681
Total expenses	\$ 1,638,789	\$ 28,284,614	\$ 29,923,403

Northwest Indiana Community Action Corporation and Subsidiary

Consolidated Statements of Cash Flows Years Ended December 31, 2019 and 2018

	Consolidated	
	2019	2018
Increase (decrease) in cash:		
Cash flows from operating activities:		
Changes in net assets	\$ 1,185,762	\$ 598,423
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	46,539	39,681
Loss on sale of property	86,482	0
Bad debt expense	77,550	0
Changes in operating assets and liabilities:		
Grants receivable	(903,844)	(1,051,629)
Prepaid expense	(5,948)	(17,923)
Accounts payable	(244,267)	386,549
Accrued payroll and related expenses	32,748	(31,528)
Grant funds received in advance	(29,996)	(125,358)
Net cash provided by (used in) operating activities	245,026	(201,785)
Cash flows from investing activities		
Proceeds from sale of property	6,546	0
Purchase of property and equipment	(43,021)	(25,560)
Net cash used in investing activities	(36,475)	(25,560)
Changes in cash	208,551	(227,345)
Cash at beginning of year	1,433,497	1,660,842
Cash at end of year	\$ 1,642,048	\$ 1,433,497

See accompanying notes to consolidated financial statements.

Northwest Indiana Community Action Corporation and Subsidiary

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Operations

Northwest Indiana Community Action Corporation (NWICA) is a designated area agency on aging and community action that was incorporated in 1965. NWICA's mission is to help people be independent and advocate for those who can't. This mission is accomplished by providing a wide array of services focused on two principal program areas: 1) Community Services, and 2) Elderly Services. NWICA is primarily supported through grants funded by the State of Indiana, of which approximately 27% and 21% of total revenue is received from the Low-Income Home Energy Assistance Program and Housing Choice Voucher Program, funded by the Indiana Housing and Community Development Authority (IHCDA) for the year ended December 31, 2019. For the year ended December 31, 2018, approximately 32% and 19% of total revenue was received from the Low-Income Home Energy Assistance Program and Housing Choice Voucher Program, funded by IHCDA.

A basic description of the programs is as follows:

Community Services - Provides assistance to income-eligible persons in ameliorating the causes and consequences of poverty. Primary areas of support include energy and weatherization assistance, Section 8 housing, WIC, asset building, provide supportive services for veteran families, provide information and assistance, and other services to the residents of the six-county area located in northwest Indiana. Funding for these services is received from IHCDA, which serves as a pass-through grantor of federal funds received from the U.S. Department of Health and Human Services (DHHS), U.S. Department of Housing and Urban Development (HUD), and the U.S. Department of Energy (DOE) and the Indiana State Department of Health, which serves as a pass-through grantor of federal funds received from the U.S. Department of Agriculture Food and Nutrition Service. Funding is also received directly from the Department of Veteran Affairs.

Elderly Services - Provides help to older and disabled persons to secure and maintain maximum independence and dignity in a home environment, remove barriers to independence for older persons, provide information and assistance, and provide continuing care for vulnerable elderly and disabled persons. Funding for these programs is received principally from Indiana Family and Social Services Administration (IFSSA), which serves as a pass-through grantor of funds received from DHHS.

In November of 2018, Flourish NWI, LLC was incorporated. Flourish NWI, LLC is a limited liability corporation, the sole member of which is Northwest Indiana Community Action Corporation. Flourish NWI, LLC participates in projects, including providing small dollar loans with reasonable terms, that improve the lives and conditions of low to moderate income families and communities in the Northwest Indiana Region. Flourish NWI, LLC is committed to activities that center the voices of marginalized communities, that combat the exploitation of disadvantaged and underserved populations, and that improve all aspects of health for low to moderate income people and communities. For the year ended December 31, 2019, Flourish NWI, LLC began receiving contributions towards its lending program. As of December 31, 2018, Flourish NWI, LLC had not started operating any programs.

Northwest Indiana Community Action Corporation and Subsidiary

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Principles of Consolidation

The 2019 consolidated financial statements include the accounts of NWICA and Flourish NWI, LLC (the "Organizations"). All intercompany transactions and balances have been eliminated for consolidated financial statement purposes.

Basis of Presentation

The consolidated 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 Organizations and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations or where donor-imposed stipulations are met in the year of the contribution.

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 be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of Estimates

The preparation of consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Northwest Indiana Community Action Corporation and Subsidiary

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Grants Receivable

Grants receivable consists of amounts due for services performed under cost reimbursement and fee-for-service awards. The Organizations analyze the receivables for collectability and an allowance for doubtful accounts is recorded based on prior collection experience and specific grant attributes. The Organizations write off a receivable against the allowance when all collection efforts have been exhausted. There is an allowance for uncollectible accounts of \$77,550 and \$0 at December 31, 2019 and 2018.

Revenue Recognition

Contributions are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution contains a condition when both of the following are present:

- An explicit identifying of a barrier, that is more trivial, that must be overcome before the revenue can be earned and recognized
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received. 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 consolidated 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.

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

A. Grant Awards That Are Contributions

Grant 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 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.

Northwest Indiana Community Action Corporation and Subsidiary

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are capitalized at cost and depreciated over their estimated useful lives using the straight-line method. The Organizations consider property and equipment to be items with a cost of \$5,000 or more and a useful life of over one year.

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organizations report expirations of donor restrictions when the donated or acquired assets are placed in service.

Property and equipment acquired are owned by the Organizations while used in the programs for which they were purchased or in other future authorized programs. However, the various funding sources have a reversionary interest in the property and equipment purchased with grant funds; therefore, the disposition of buildings or equipment, as well as the ownership of any proceeds therefrom, are subject to funding source regulations. The net book value of property and equipment purchased with grant funds was \$88,392 and \$82,032 at December 31, 2019 and 2018.

In-Kind Contributions

Accounting principles generally accepted in the United States require in-kind contributions for space and professional services to be recorded in the consolidated statements of activities as revenue and expenses in the period they are received. During the years ended December 31, 2019 and 2018, the Organizations received no such contributions for its programs; however, the Organizations received contributions of nonprofessional volunteer services during the years ended December 31, 2019 and 2018, with a fair value of approximately \$372,000 and \$348,000 to fulfill match requirements. These amounts are not recognized as in-kind revenue and expense, as they do not qualify for recording under accounting principles generally accepted in the United States.

Functional Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Personnel costs are allocated on the basis of time and effort. All other costs are allocated to programs based on actual program costs in relation to total organization costs.

Northwest Indiana Community Action Corporation and Subsidiary

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Income Taxes

NWICA is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. NWICA is also exempt from Indiana income taxes. Flourish NWI, LLC is a wholly owned LLC and for tax purposes is treated as a disregarded entity and is included on NWICA's tax return.

The Organizations are 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 consolidated financial statements. The Organizations have determined there are no amounts to record as assets or liabilities related to uncertain tax positions.

Change in Accounting Policy

In 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): 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 contribution guidance in Subtopic 958-605 requires an entity to determine whether a transaction is conditional, which affects the timing of the revenue recognized. The Organizations have applied the amendments in this ASU on a retrospective basis. There was no change on opening balances of net assets and no prior period results were restated.

New Accounting Pronouncements

In 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard replaces the current revenue recognition requirements and most industry-specific guidance. When adopted, the amendments in this ASU must be applied using one of two retrospective methods. ASU No. 2014-09 is effective for nonpublic companies for annual periods beginning after December 15, 2018. On June 3, 2020, FASB issued ASU 2020, ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606)* that extended the effective date for certain entities to annual periods beginning after December 15, 2019. The Organizations are currently evaluating the impact of the provisions of ASU Topic 606.

Subsequent Events

Subsequent events have been evaluated through August 20, 2020, which is the date the consolidated financial statements were available to be issued.

Northwest Indiana Community Action Corporation and Subsidiary

Notes to Consolidated Financial Statements

Note 2: Concentration of Risk

The Organizations maintain their cash balance in three accounts at one financial institution which is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times during the year, balances in these accounts may exceed the insurance limits. Management believes the financial institution has a strong credit rating and credit risk related to these deposits is minimal.

Note 3: Grants Receivable

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

	2019	2018
Federal programs	\$ 3,163,169	\$ 1,988,088
State and other programs	1,029,947	1,378,734
Totals	\$ 4,193,116	\$ 3,366,822

Note 4: Property and Equipment

NWICA's property and equipment as of December 31 is as follows:

	2019	2018
Land	\$ 22,500	\$ 55,992
Buildings and improvements	30,175	585,103
Furnishings and equipment	317,368	296,671
Computer equipment	109,296	109,296
Vehicles	207,847	185,524
Subtotal property and equipment	687,186	1,232,586
Accumulated depreciation	(576,294)	(1,025,148)
Property and equipment, net	\$ 110,892	\$ 207,438

Note 5: Employee Benefits

NWICA maintains a 401(k) defined contribution plan for the benefit of NWICA employees. NWICA's contribution consists of a matching contribution of the lesser of the employee's contribution or 4% of the employee's wages. NWICA's contribution to the plan was \$141,099 and \$136,558 for the years ended December 31, 2019 and 2018.

Northwest Indiana Community Action Corporation and Subsidiary

Notes to Consolidated Financial Statements

Note 6: Operating Leases

NWICA has several cancelable and noncancelable operating leases for space, vehicles, and office equipment. The lease agreement for the main administrative building contains a renewal option for 3 additional years starting in 2023. Rental expense for these leases totaled \$591,655 and \$512,002 for the years ended December 31, 2019 and 2018.

Minimum annual rental payments required under the operating leases, which have remaining terms in excess of one year as of December 31, 2019, are as follows:

2020	\$ 521,018
2021	421,327
2022	373,739
2023	284,865
<hr/>	
Total	<u>\$ 1,600,949</u>

Note 7: Line of Credit

NWICA carries an unsecured line of credit of \$550,000 from an area bank. The line of credit bears interest at the prime rate plus 1.50% (effective rate of 6.25% at December 31, 2019). No amounts were outstanding at December 31, 2019 and 2018. There is no specified maturity date for the line of credit and any outstanding principal could be due upon the lenders demand.

Note 8: Net Assets With Donor Restrictions

Net assets with donor restrictions as of December 31, 2019 consist of contributions to Flourish NWI, LLC's loan program. The Organization's did not have net assets with donor restrictions as of December 31, 2018.

Note 9: Liquidity and Availability

The Organizations do not have a formal liquidity policy but generally maintains financial assets in liquid form such as cash for approximately one month of operating expenses. NWICA can rely on a lower cash balance as they are primarily funded with cost reimbursement grants. Under cost reimbursement grants, once the expenses are incurred an organization can request reimbursement from the funding source. NWICA also has a line of credit available for cash flow needs up to \$550,000 as further described in Note 7. Flourish NWI, LLC is managed by NWICA, which they could borrow from in the event of an unanticipated liquidity need.

Northwest Indiana Community Action Corporation and Subsidiary

Notes to Consolidated Financial Statements

Note 9: Liquidity and Availability (Continued)

Financial assets available for general expenditure, that is, without donor or other restrictions or designations limiting their use, within twelve months of the consolidated statement of financial position date, are comprised of the following as of December 31, 2019:

Cash	\$ 1,642,048
Grants receivable	4,193,116
Subtotal financial assets	5,835,164
Less: Accounts payable	(1,606,013)
Less: Accrued payroll and related expenses	(280,102)
Less: Grant funds received in advance	(11,629)
Total	\$ 3,937,420

Financial assets available for general expenditure, that is, without donor or other restrictions or designations limiting their use, within twelve months of the consolidated statement of financial position date, are comprised of the following as of December 31, 2018:

Cash	\$ 1,433,497
Grants receivable	3,366,822
Subtotal financial assets	4,800,319
Less: Accounts payable	(1,850,280)
Less: Accrued payroll and related expenses	(247,354)
Less: Grant funds received in advance	(41,625)
Total	\$ 2,661,060

Note 10: Grant Awards

At December 31, 2019, NWICA had received future funding commitments under various grants of approximately \$12,000,000. These commitments are not recognized in the accompanying consolidated financial statements as they are conditional awards.

Supplementary Information

Northwest Indiana Community Action Corporation

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE FOOD AND NUTRITION SERVICE			
Passed-Through the Indiana State Department of Health			
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	28596 38138	S <u>3,558,849</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed-Through the Indiana Housing & Community Development Authority			
Housing Voucher Cluster			
Housing Choice Voucher Program	14.871	HCV-019-014	<u>5,946,801</u>
U.S. DEPARTMENT OF THE TREASURY			
Direct			
Volunteer Income Tax Assistance (VITA) Matching Grant Program	21.009	19VITA0121	<u>50,535</u>
U.S. DEPARTMENT OF VETERAN AFFAIRS			
Direct			
Support Services for Veteran Families	64.033	20-IN-442-20	<u>11,822</u>
U.S. DEPARTMENT OF ENERGY			
Passed-Through the Indiana Housing & Community Development Authority			
Weatherization Assistance for Low-Income Persons	81.042	WX-018-018 WX-019-018	<u>285,961</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed-Through the Indiana Family and Social Services Administration			
Special Programs for the Aging - Title VII, Chapter 2, Long-Term Care			
Ombudsman Services for Older Individuals	93.042	21645 38299	<u>14,461</u>
Special Programs for the Aging - Title III, Part D, Disease Prevention and Health Promotion Services	93.043	21645 38299	<u>47,944</u>
Aging Cluster			
Special Programs for the Aging - Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	21645 38299	<u>1,268,835</u>
Special Programs for the Aging - Title III, Part C, Nutrition Services	93.045	21645	<u>1,283,923</u>
Nutrition Services Incentive Program	93.053	21645 38299	<u>175,013</u>
Total HHS Aging Cluster CFDA #93.044, #93.045 and #93.053			<u>2,727,771</u>
National Family Caregiver Support - Title III, Part E	93.052	21645 38299	<u>228,827</u>

See Independent Auditor's Report.

See Notes to Schedule of Expenditures of Federal Awards

Northwest Indiana Community Action Corporation

Schedule of Expenditures of Federal Awards (Continued)

Year Ended December 31, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)			
Passed-Through the Indiana Housing & Community Development Authority			
Low-Income Home Energy Assistance	93.568	WL-019-018 WL-020-018 LI-019-018 LI-020-018	<u>7,715,390</u>
Community Services Block Grant	93.569	CS-018-018 CS-019-018	<u>817,502</u>
Passed-Through the Indiana Family and Social Services Administration			
Social Services Block Grant	93.667	21645 38299	<u>1,164,898</u>
Medicaid Cluster			
Medical Assistance Program	93.778	27438 35635	<u>461,860</u>
TOTAL FEDERAL EXPENDITURES			<u><u>\$ 23,032,621</u></u>

Notes to Schedule of Expenditures of Federal Awards

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Northwest Indiana Community Action Corporation under programs of the federal government for the year ended December 31, 2019. 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 Northwest Indiana Community Action Corporation, it is not intended to and does not present the financial position, changes in net assets or cash flows of Northwest Indiana Community Action Corporation.

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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3 - Indirect Cost Rate

Northwest Indiana Community Action Corporation did not elect to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4 - Subrecipients

Northwest Indiana Community Action Corporation does not have any subrecipients and therefore has not incurred subrecipient expenditures.

See Independent Auditor's Report.

See Notes to Schedule of Expenditures of Federal Awards

Northwest Indiana Community Action Corporation and Subsidiary

Consolidating Statement of Financial Position December 31, 2019

<i>Assets</i>	NWICA	Flourish NWI, LLC	Totals
Current assets:			
Cash	\$ 1,549,022	\$ 93,026	\$ 1,642,048
Prepaid expenses	49,805	0	49,805
Grants receivable, net	4,187,116	6,000	4,193,116
Total current assets	5,785,943	99,026	5,884,969
Property and equipment, net	110,892	0	110,892
TOTAL ASSETS	\$ 5,896,835	\$ 99,026	\$ 5,995,861
<i>Liabilities and Net Assets</i>			
Current liabilities:			
Accounts payable	\$ 1,606,013	\$ 0	\$ 1,606,013
Accrued payroll and related expenses	280,102	0	280,102
Grant funds received in advance	11,629	0	11,629
Total liabilities	1,897,744	0	1,897,744
Net assets:			
Without donor restrictions	3,999,091	72,731	4,071,822
With donor restrictions	0	26,295	26,295
Total net assets	3,999,091	99,026	4,098,117
TOTAL LIABILITIES AND NET ASSETS	\$ 5,896,835	\$ 99,026	\$ 5,995,861

Northwest Indiana Community Action Corporation and Subsidiary

Consolidating Statement of Activities
Year Ended December 31, 2019

	Without Donor Restrictions			Total Without Donor Restrictions	With Donor Restrictions	Totals
	NWICA	Flourish NWI, LLC	Elimination			
Revenue:						
Grant revenue	\$28,477,854	\$ 0	\$ 0	\$ 28,477,854	\$ 0	\$28,477,854
Loss on property disposal	(86,482)	0	0	(86,482)	0	(86,482)
Other income	207,343	72,731	(72,731)	207,343	31,000	238,343
Net assets released from restrictions	0	4,705	0	4,705	(4,705)	0
Total revenue	28,598,715	77,436	(72,731)	28,603,420	26,295	28,629,715
Expenses:						
Salaries	5,952,200	0	0	5,952,200	0	5,952,200
Fringe benefits	2,238,911	0	0	2,238,911	0	2,238,911
Professional fees and contract services	199,231	4,445	0	203,676	0	203,676
Specific assistance to individuals	17,325,817	0	0	17,325,817	0	17,325,817
Supplies	131,958	0	0	131,958	0	131,958
Telephone	136,662	0	0	136,662	0	136,662
Insurance	56,345	0	0	56,345	0	56,345
Occupancy	371,545	0	0	371,545	0	371,545
Travel	136,951	0	0	136,951	0	136,951
Leases and rentals	383,455	0	0	383,455	0	383,455
Vehicle repairs, maintenance, and operatic	5,445	139	0	5,584	0	5,584
Dues and registration	107,888	0	0	107,888	0	107,888
Board meetings	977	0	0	977	0	977
Postage	34,218	0	0	34,218	0	34,218
Printing	35,432	0	0	35,432	0	35,432
Employee development	32,225	0	0	32,225	0	32,225
Equipment and repairs	148,288	0	0	148,288	0	148,288
Donation to Flourish NWI, LLC	72,731	0	(72,731)	0	0	0
Bad debt expense	77,550	0	0	77,550	0	77,550
Miscellaneous	17,611	121	0	17,732	0	17,732
Depreciation	46,539	0	0	46,539	0	46,539
Total expenses	27,511,979	4,705	(72,731)	27,443,953	0	27,443,953
Changes in net assets	1,086,736	72,731	0	1,159,467	26,295	1,185,762
Net assets - Beginning of year	2,912,355	0	0	2,912,355	0	2,912,355
Net assets - End of year	\$ 3,999,091	\$ 72,731	\$ 0	\$ 4,071,822	\$ 26,295	\$ 4,098,117



Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Northwest Indiana Community Action Corporation
Crown Point, Indiana

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 consolidated financial statements of Northwest Indiana Community Action Corporation and Subsidiary, which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year ended December 31, 2019, and the related notes to the consolidated financial statements, and have issued our report thereon dated August 20, 2020. The financial statements of Flourish NWI, LLC were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the entity.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Northwest Indiana Community Action Corporation'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Northwest Indiana Community Action Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Northwest Indiana Community Action Corporation'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 consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 Northwest Indiana Community Action Corporation's consolidated 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 Northwest Indiana Community Action Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northwest Indiana Community Action Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wipfli LLP

Wipfli LLP

August 20, 2020
Madison, Wisconsin



Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by The Uniform Guidance

Board of Directors
Northwest Indiana Community Action Corporation
Crown Point, Indiana

Report on Compliance for Each Major Federal Program

We have audited Northwest Indiana Community Action Corporation's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019. Northwest Indiana Community Action Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility for Compliance

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Northwest Indiana Community Action Corporation's major federal 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). 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 program occurred. An audit includes examining, on a test basis, evidence about Northwest Indiana Community Action Corporation'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 program. However, our audit does not provide a legal determination on Northwest Indiana Community Action Corporation's compliance.

Opinion on Each Major Federal Program

In our opinion, Northwest Indiana Community Action Corporation 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 programs for the year ended December 31, 2019.

Report on Internal Control Over Compliance

Management of Northwest Indiana Community Action Corporation 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 Northwest Indiana Community Action Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal 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 program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Northwest Indiana Community Action Corporation'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 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 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 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 material weaknesses or significant deficiencies. 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Wipfli LLP

Wipfli LLP

August 20, 2020
Madison, Wisconsin

Northwest Indiana Community Action Corporation

Schedule of Findings and Questioned Costs

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued? Unmodified

Internal control over financial reporting:

Material weakness identified? No

Significant deficiency identified? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

Material weakness identified? No

Significant deficiency identified? No

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance [2 CFR 200.516(a)]? No

Identification of major federal programs:

<u>Name of Federal Major Program or Cluster</u>	<u>CFDA No.</u>
Low-Income Home Energy Assistance	93.568
Community Services Block Grant	93.569
Aging Cluster	93.044, 93.045, & 93.053

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

Auditee qualified as low-risk auditee? No

The Organization was not determined to be a low-risk auditee as the 2017 data collection form was not filed within the 9 month deadline due to an oversight. The audit was completed timely for 2017.

Section II - Financial Statement Findings

None

Section III - Federal and State Award Findings and Questioned Costs

None

Section IV - Status of Prior Year Findings

None