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October 26, 2021

Board of Directors
Northwest Indiana Community Action Corporation
5240 Fountain Dr.
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, 2020 to December 31, 2020. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Northwest Indiana Community Action Corporation as of December 31, 2020 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, CPA
State Examiner

Northwest Indiana Community Action Corporation and Subsidiary

Crown Point, Indiana

Consolidated Financial Statements
and Supplementary Information

Years Ended December 31, 2020 and 2019



Northwest Indiana Community Action Corporation and Subsidiary

Consolidated Financial Statements and Supplementary Information
Years Ended December 31, 2020 and 2019

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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 statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement. The consolidated 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 financial position of Northwest Indiana Community Action Corporation and Subsidiary as of December 31, 2020 and 2019, and the changes in their net assets and their cash flows for the years 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 September 29, 2021, 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

September 29, 2021
Madison, Wisconsin

Northwest Indiana Community Action Corporation and Subsidiary

Consolidated Statements of Financial Position
December 31, 2020 and 2019

<i>Assets</i>	2020	2019
Current assets:		
Cash	\$ 3,325,208	\$ 1,642,048
Prepaid expenses	47,298	49,805
Accounts receivable, net	303,412	385,755
Grants receivable	3,200,410	3,807,361
Total current assets	6,876,328	5,884,969
Property and equipment, net	132,180	110,892
TOTAL ASSETS	\$ 7,008,508	\$ 5,995,861
<i>Liabilities and Net Assets</i>		
Current liabilities:		
Accounts payable	\$ 1,757,168	\$ 1,606,013
Accrued payroll and related expenses	416,431	280,102
Refundable advances	25,320	11,629
Total liabilities	2,198,919	1,897,744
Net assets:		
Without donor restrictions	4,783,475	4,071,822
With donor restrictions	26,114	26,295
Total net assets	4,809,589	4,098,117
TOTAL LIABILITIES AND NET ASSETS	\$ 7,008,508	\$ 5,995,861

See accompanying notes to consolidated financial statements.

Northwest Indiana Community Action Corporation and Subsidiary

Consolidated Statements of Activities
Years Ended December 31, 2020 and 2019

	2020		Total
	Without Donor Restrictions	With Donor Restrictions	
Revenue:			
Grant revenue	\$ 23,693,055	\$ 0	\$ 23,693,055
Contract revenue	3,228,711	0	3,228,711
Other income	166,195	0	166,195
Net assets released from restrictions	181	(181)	0
Total revenue	27,088,142	(181)	27,087,961
Expenses:			
Program activities:			
Community services	10,280,696	0	10,280,696
Elderly services	8,320,409	0	8,320,409
Energy services	6,182,549	0	6,182,549
Total program activities	24,783,654	0	24,783,654
Management and general	1,592,835	0	1,592,835
Total expenses	26,376,489	0	26,376,489
Change in net assets	711,653	(181)	711,472
Net assets - Beginning of year	4,071,822	26,295	4,098,117
Net assets - End of year	\$ 4,783,475	\$ 26,114	\$ 4,809,589

See accompanying notes to consolidated financial statements.

Northwest Indiana Community Action Corporation and Subsidiary

Consolidated Statements of Activities (Continued)

Years Ended December 31, 2020 and 2019

	2019		Total
	Without Donor Restriction	With Donor Restriction	
Revenue:			
Grant revenue	\$ 25,494,494	\$ 0	\$ 25,494,494
Contract revenue	2,983,360	0	2,983,360
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 Statement of Functional Expenses Year Ended December 31, 2020

	Management and General	Program	Total
Salaries	\$ 849,908	\$ 5,489,709	\$ 6,339,617
Fringe benefits	219,703	2,104,246	2,323,949
Professional fees and contract service payments	77,343	110,990	188,333
Specific assistance to individuals	6,263	15,979,148	15,985,411
Supplies	17,865	179,282	197,147
Telephone	23,353	132,818	156,171
Insurance	29,568	27,475	57,043
Occupancy	268,543	88,818	357,361
Travel	2,106	23,549	25,655
Leases and rentals	11,146	360,297	371,443
Vehicle repairs, maintenance, and operations	1,244	3,509	4,753
Dues and registration	10,310	48,547	58,857
Board meetings	533	0	533
Postage	0	30,607	30,607
Printing	50	6,694	6,744
Employee development	4,149	6,056	10,205
Equipment and repairs	70,998	135,149	206,147
Miscellaneous	(247)	16,356	16,109
Depreciation	0	40,404	40,404
Total expenses	\$ 1,592,835	\$ 24,783,654	\$ 26,376,489

Northwest Indiana Community Action Corporation and Subsidiary

Consolidated Statement of Functional Expenses
Year Ended December 31, 2019

	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 Statements of Cash Flows Years Ended December 31, 2020 and 2019

	2020	2019
Increase (decrease) in cash:		
Cash flows from operating activities:		
Changes in net assets	\$ 711,472	\$ 1,185,762
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	40,404	46,539
Loss on sale of property	0	86,482
Bad debt expense	0	77,550
Changes in operating assets and liabilities:		
Accounts receivable	82,343	179,555
Grants receivable	606,951	(1,083,399)
Prepaid expenses	2,507	(5,948)
Accounts payable	151,155	(244,267)
Accrued payroll and related expenses	136,329	32,748
Refundable advances	13,691	(29,996)
Net cash provided by operating activities	1,744,852	245,026
Cash flows from investing activities		
Proceeds from sale of property	0	6,546
Purchase of property and equipment	(61,692)	(43,021)
Net cash used in investing activities	(61,692)	(36,475)
Changes in cash	1,683,160	208,551
Cash at beginning of year	1,642,048	1,433,497
Cash at end of year	\$ 3,325,208	\$ 1,642,048

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 24% and 22% 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, 2020. For the year ended December 31, 2019, approximately 27% and 21% 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, 2020 and 2019, Flourish NWI, LLC began receiving contributions towards its lending program.

Northwest Indiana Community Action Corporation and Subsidiary

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Principles of Consolidation

The 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)

Accounts Receivable

Accounts receivable consists of amounts due for services performed under 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. The allowance for uncollectible accounts were \$0 and \$77,550 at December 31, 2020 and 2019.

Revenue Recognition

Contributions

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor 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.

Northwest Indiana Community Action Corporation and Subsidiary

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Grant revenue

Grant awards are either recorded as contributions or exchange transactions based on criteria contained in the grant award:

Grant Awards that are Contributions - Grant awards that are contributions are evaluated for conditions and recognized as revenue in accordance with ASC Topic 958-605 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 refundable advances.

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 in accordance with ASC Topic 606 when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration in 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 Organizations do not have any grant awards that are exchange transactions.

Contract Revenue

NWICA is a AAA provider for the Indiana Family and Social Services Administration (FSSA) providing Intake and Care Management services to program participants. The rates paid are sent by FSSA and based on the units of service defined in the Home and Community-Based Services Billing Guidelines published by the FSSA. The performance obligations in the program are determined based on the nature of the services provided. Care managers coordinate and integrate all services required in a participant's person-centered service plan, link participants to needed services, and ensure that all participants continue to receive and benefit from services. There is no variable consideration. NWICA submits claim reports for the Medicaid Waiver program to Medicaid and submits claim reports for the Waiver Intake program to the Division of Aging and also rebills as needed at the unit rate based on the services provided. NWICA has 12 months from the date of service to resolve and rebill denied claims. Revenue is recognized over time because the participant simultaneously receives and consumes the benefits provided by NWICA's performance. NWICA recognizes revenue at the amount of consideration that it expects to be entitled to in exchange for providing its services. At year end, NWICA records a receivable for services performed through the last day of the year based on services provided to program participants. There are no contract liabilities at December 31, 2020 or 2019.

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 \$109,680 and \$88,392 at December 31, 2020 and 2019.

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, 2020 and 2019, the Organizations received no such contributions for its programs; however, the Organizations received contributions of nonprofessional volunteer services during the years ended December 31, 2020 and 2019, with a fair value of approximately \$235,000 and \$372,000 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

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 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The amendments in this ASU, along with numerous clarifications and modifications, require an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration in which the entity expects to be entitled in exchange for those goods or services. The Organizations adopted this guidance effective as of January 1, 2019 and applied Topic 606 on a modified retrospective basis. There was no change in opening balance of net assets and no prior period results were restated.

New Accounting Pronouncements

In 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which is intended to improve financial reporting on leasing transactions. ASU No. 2016-02 will require lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2020, with early adoption permitted. ASU No. 2016-02 must be applied modified retrospectively. On June 30, 2020, the FASB issued ASU 2020-05 that extended the effective date for certain entities to annual periods beginning after December 15, 2021. The Organizations are currently evaluating the impact of the provisions of ASU Topic 842.

Reclassification

As a result of the change in accounting policy, the accompanying consolidated financial statements ended December 31, 2019, has been reclassified to conform with the current year presentation.

Subsequent Events

Subsequent events have been evaluated through September 29, 2021, 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:

	2020	2019
Federal programs	\$ 2,925,491	\$ 3,083,260
State and other programs	274,919	724,101
<u>Totals</u>	<u>\$ 3,200,410</u>	<u>\$ 3,807,361</u>

Note 4: Property and Equipment

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

	2020	2019
Land	\$ 22,500	\$ 22,500
Buildings and improvements	30,175	30,175
Furnishings and equipment	379,060	317,368
Computer equipment	109,296	109,296
Vehicles	207,847	207,847
Subtotal property and equipment	748,878	687,186
Accumulated depreciation	(616,698)	(576,294)
<u>Property and equipment, net</u>	<u>\$ 132,180</u>	<u>\$ 110,892</u>

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 \$151,171 and \$141,099 for the years ended December 31, 2020 and 2019.

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 \$589,243 and \$591,655 for the years ended December 31, 2020 and 2019.

Minimum annual rental payments required under the operating leases, which have remaining terms in excess of one year as of December 31, 2020, are as follows:

2021	\$ 553,344
2022	508,035
2023	349,885
<hr/>	
Total	\$ 1,411,264

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 4.75% at December 31, 2020). No amounts were outstanding at December 31, 2020 and 2019. 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, 2020 and 2019 consist of contributions to Flourish NWI, LLC's loan program.

Note 9: Liquidity and Availability

The Organizations do not have a formal liquidity policy but generally maintain 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, 2020:

Cash	\$ 3,325,208
Accounts receivable	303,412
<u>Grants receivable</u>	<u>3,200,410</u>
Subtotal financial assets	6,829,030
Less: Accounts payable	(1,757,168)
Less: Accrued payroll and related expenses	(416,431)
Less: Refundable advances	(25,320)
<u>Less: Net assets with donor restrictions</u>	<u>(26,114)</u>
<u>Total</u>	<u>\$ 4,603,997</u>

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
Accounts receivable	385,755
<u>Grants receivable</u>	<u>3,807,361</u>
Subtotal financial assets	5,835,164
Less: Accounts payable	(1,606,013)
Less: Accrued payroll and related expenses	(280,102)
Less: Refundable advances	(11,629)
<u>Less: Net assets with donor restrictions</u>	<u>(26,295)</u>
<u>Total</u>	<u>\$ 3,911,125</u>

Note 10: Grant Awards

At December 31, 2020, NWICA had received future funding commitments under various grants of approximately \$14,100,000. 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, 2020

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	38138 46331	\$ 3,443,671
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-020-014	5,840,199
U.S. DEPARTMENT OF THE TREASURY			
Direct			
Volunteer Income Tax Assistance (VITA) Matching Grant Program	21.009	20VITA0121	52,290
U.S. DEPARTMENT OF VETERAN AFFAIRS			
Direct			
Support Services for Veteran Families	64.033	20-IN-442-20 C2-IN-442-20 CA-IN-442-20	254,573
U.S. DEPARTMENT OF ENERGY			
Passed-Through the Indiana Housing & Community Development Authority			
Weatherization Assistance for Low-Income Persons	81.042	WX-019-018 WX-020-018	145,383
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		42905	
Ombudsman Services for Older Individuals	93.042	38299	25,539
Special Programs for the Aging - Title III, Part D, Disease Prevention and Health Promotion Services	93.043	42905 38299	10,347
COVID-19 Special Programs for the Aging - Title III, Part D, Disease Prevention and Health Promotion Services	93.043	42905	21,245
Total CFDA #93.043			31,592
Aging Cluster			
Special Programs for the Aging - Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	42905 38299	514,245
COVID-19 Special Programs for the Aging - Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	42905	1,006,625
Total CFDA #93.044			1,520,870
Special Programs for the Aging - Title III, Part C, Nutrition Services	93.045	42905 38299	563,371
COVID-19 Special Programs for the Aging - Title III, Part C, Nutrition Services	93.045	42905	1,122,178
Total CFDA #93.045			1,685,549
Nutrition Services Incentive Program	93.053	42905 38299	139,214
Total HHS Aging Cluster CFDA #93.044, #93.045 and #93.053			3,345,633
National Family Caregiver Support - Title III, Part E	93.052	42905 38299	77,026
COVID-19 National Family Caregiver Support - Title III, Part E	93.052	42905	152,055
Total CFDA #93.052			229,081

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, 2020

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			
		WL-020-018	
		WL-021-018	
		LI-020-018	
Low-Income Home Energy Assistance	93.568	LI-021-018	<u>6,419,465</u>
Passed-Through the Indiana Housing & Community Development Authority			
COVID-19 Community Services Block Grant	93.569	CS-CV-020-018	77,899
Community Services Block Grant	93.569	CS-020-018	<u>923,443</u>
			<u>1,001,342</u>
Passed-Through the Indiana Family and Social Services Administration			
		38299	
Social Services Block Grant	93.667	49667	<u>922,876</u>
Medicaid Cluster			
		22128	
Medical Assistance Program	93.778	44110	<u>484,626</u>
CORPORATE FOR NATIONAL AND COMMUNITY SERVICE			
Direct			
Foster Grandparent/Senior Companion Cluster			
AmeriCorps Seniors-Foster Grandparent	94.011	20SCNIN001	21,952
AmeriCorps Seniors-Senior Companion	94.016	20FGNIN001	29,095
Total Foster Grandparent/Senior Companion Cluster CFDA #94.011 and #94.016			<u>51,047</u>
TOTAL FEDERAL EXPENDITURES			<u><u>\$ 22,247,317</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, 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 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, 2020

<i>Assets</i>	NWICA	Flourish NWI, LLC	Totals
Current assets:			
Cash	\$ 3,227,658	\$ 97,550	\$ 3,325,208
Prepaid expenses	47,298	0	47,298
Accounts receivable	303,412	0	303,412
Grants receivable	3,194,410	6,000	3,200,410
Total current assets	6,772,778	103,550	6,876,328
Property and equipment, net	132,180	0	132,180
TOTAL ASSETS	\$ 6,904,958	\$ 103,550	\$ 7,008,508
<i>Liabilities and Net Assets</i>			
Current liabilities:			
Accounts payable	\$ 1,757,168	\$ 0	\$ 1,757,168
Accrued payroll and related expenses	416,431	0	416,431
Refundable advance	25,320	0	25,320
Total liabilities	2,198,919	0	2,198,919
Net assets:			
Without donor restrictions	4,742,180	41,295	4,783,475
With donor restrictions	0	26,114	26,114
Total net assets	4,742,180	67,409	4,809,589
TOTAL LIABILITIES AND NET ASSETS	\$ 6,941,099	\$ 67,409	\$ 7,008,508

Northwest Indiana Community Action Corporation and Subsidiary

Consolidating Statement of Activities

Year Ended December 31, 2020

	Without Donor Restrictions			Total Without Donor Restrictions	With Donor Restrictions	Totals
	NWICA	Flourish NWI, LLC	Elimination			
Revenue:						
Grant revenue	\$ 23,693,055	\$ 0	\$ 0	\$ 23,693,055	\$ 0	\$ 23,693,055
Contract revenue	3,228,711	0	0	3,228,711	0	3,228,711
Loss on property disposal	0	0	0	0	0	0
Other income	166,195	15,000	0	166,195	0	166,195
Net assets released from restrictions	0	181	0	181	(181)	0
Total revenue	27,087,961	15,181	0	27,088,142	(181)	27,087,961
Expenses:						
Salaries	6,339,617	0	0	6,339,617	0	6,339,617
Fringe benefits	2,323,949	0	0	2,323,949	0	2,323,949
Professional fees and contract services	188,333	0	0	188,333	0	188,333
Specific assistance to individuals	15,985,357	54	0	15,985,411	0	15,985,411
Supplies	197,147	0	0	197,147	0	197,147
Telephone	156,171	0	0	156,171	0	156,171
Insurance	57,043	0	0	57,043	0	57,043
Occupancy	357,361	0	0	357,361	0	357,361
Travel	25,655	0	0	25,655	0	25,655
Leases and rentals	371,443	0	0	371,443	0	371,443
Vehicle repairs, maintenance, and operations	4,753	0	0	4,753	0	4,753
Dues and registration	58,857	0	0	58,857	0	58,857
Board meetings	533	0	0	533	0	533
Postage	30,607	0	0	30,607	0	30,607
Printing	6,744	0	0	6,744	0	6,744
Employee development	10,205	0	0	10,205	0	10,205
Equipment and repairs	206,147	0	0	206,147	0	206,147
Miscellaneous	15,982	127	0	16,109	0	16,109
Depreciation	40,404	0	0	40,404	0	40,404
Total expenses	26,376,308	181	0	26,376,489	0	26,376,489
Changes in net assets	711,653	15,000	0	711,653	(181)	711,472
Net assets - Beginning of year	4,071,822	26,295	0	4,071,822	26,295	4,098,117
Net assets - End of year	\$ 4,783,475	\$ 41,295	\$ 0	\$ 4,783,475	\$ 26,114	\$ 4,809,589

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, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year ended December 31, 2020, and the related notes to the consolidated financial statements, and have issued our report thereon dated September 29, 2021. 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) as a basis for designing 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 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 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 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

September 29, 2021
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, 2020. 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, 2020.

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

September 29, 2021
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?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
Material weakness identified?	No
Significant deficiency identified?	None reported
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>
Special Supplemental Nutrition Program for Women, Infants and Children	10.557
Low-Income Home Energy Assistance	93.568
Social Services Block Grant	93.667

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

Auditee qualified as low-risk auditee? Yes

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