



WACOSA

Audit Presentation – Year Ending December 31, 2021

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor

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Results of Professional Services

Risk Assessment and Significant Transactions/Events

- Single audit requirement
- Paycheck Protection Program Loan (PPP) and forgiveness
- Employee Retention Credit
- New Endowment

Audit Adjustments

- No audit adjustments posted and no passed adjustments

Other Matters

- Finance department was very timely with our audit requests, especially in a remote environment
- Restricted donations need to be in writing
- Obtain SOC 1 report from investment company



Deliverables

Report on the Financial Statements

Report on Internal Control over Financial Reporting (Yellow Book)

Report on Internal Control over Compliance with Major Program Requirements (Uniform Guidance)

Form 990 and State Filing
(To be completed once audit is finished)

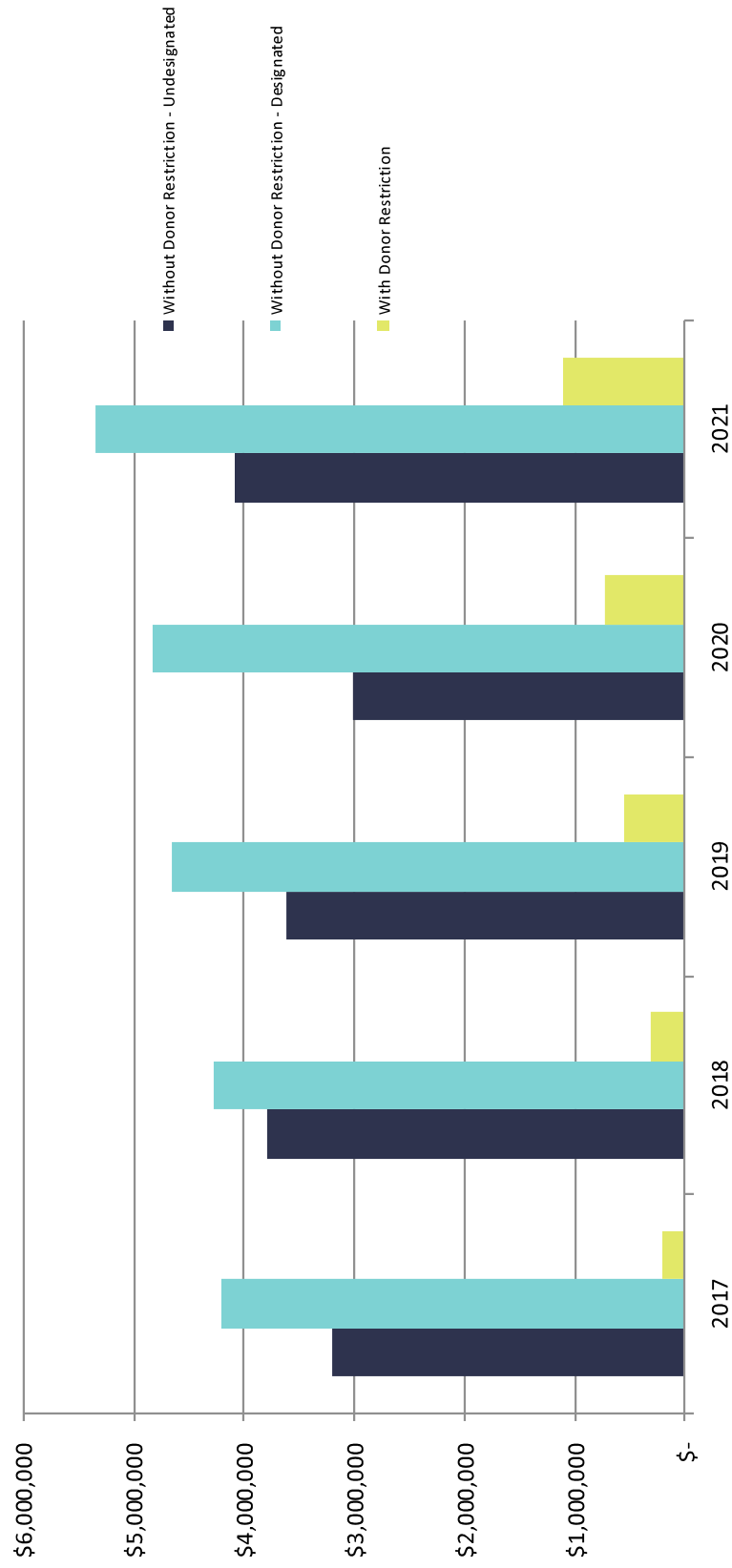


Required Communications

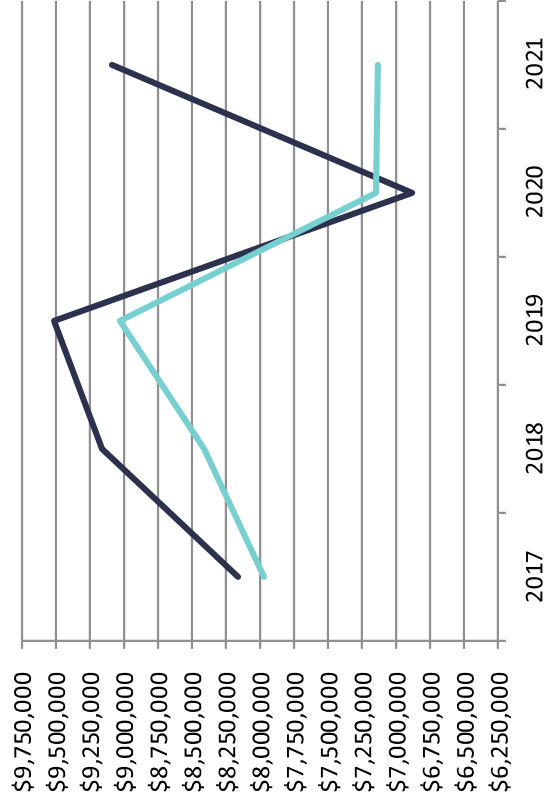
- Topics and definitions are included in Appendix
- No exceptions noted for further discussion



Net Asset Composition



Revenue and Expense



Highlights

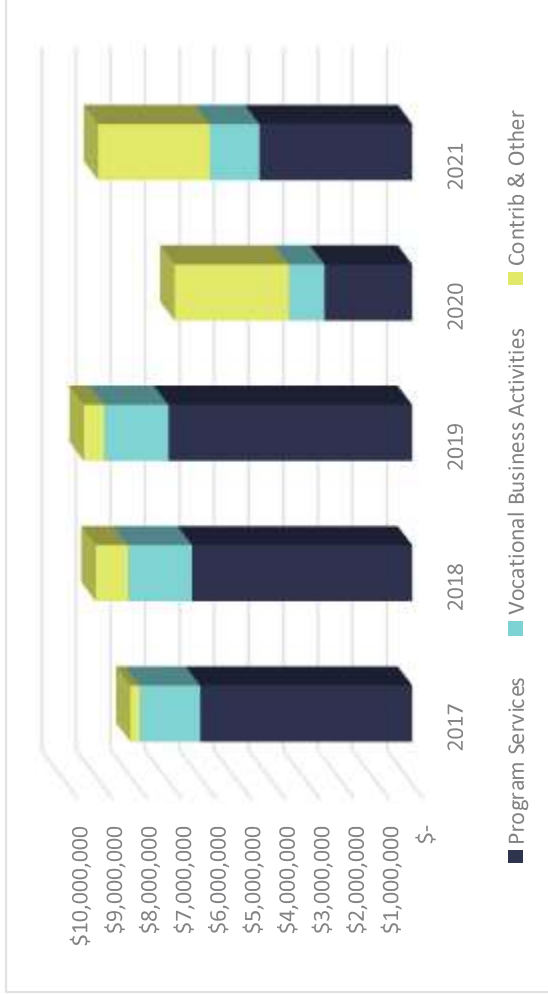
*Increase in revenue from 2020 to 2021 is primary related to an increase in Medical Assistance Per Diem (\$1.7 million) due to bringing more clients back. (\$1.7 million increase)

*Overall contract revenue also increased by \$400K. This is also related to bringing more clients back and resuming operations.

*Minor decrease in expenses from 2020 to 2021 due to continued cost savings on various categories due to changes in operations related to the impacts of the COVID-19 pandemic.



Revenue Composition



Highlights

*Shift in revenue breakdown is relatively consistent from 2017 to 2019

*From 2019 to 2020 the revenue breakdown shifted. This is primarily due to the impact of the COVID-19 pandemic:

^Program Service Revenue: Shutdown for partial year starting in March and gradual reopening thereafter causing a decrease

^Contributions and Other: Increase in COVID-19 related grants, contributions and other including: PPP loan forgiveness, Provider Relief Funding and various county grants.

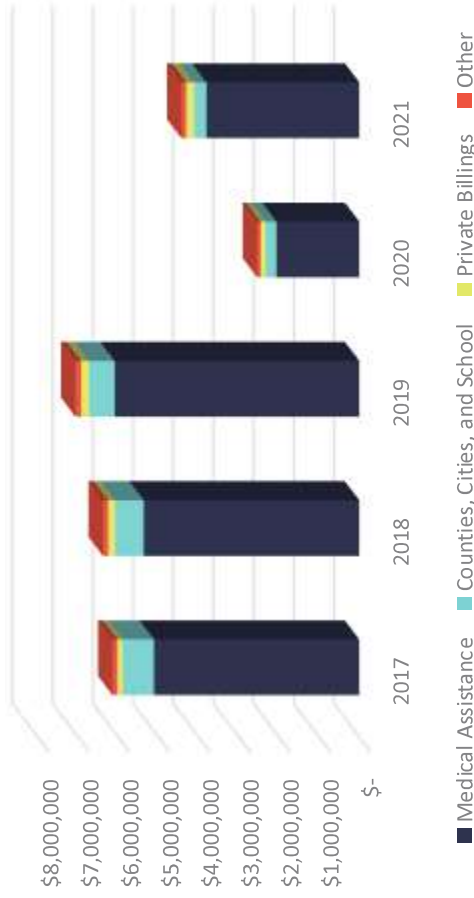
*From 2020 to 2021 the revenue breakout shifted again.

^Program Service Revenue: Due primarily to the increase in Medical Assistance Per Diem revenue due to bringing more clients back.

^Contributions and Other: Continued support from PPP loan forgiveness, and Employee Retention Credit.



Program Service Revenue



Highlights

*Shift in revenue breakdown is relatively consistent from 2017 to 2019

*From 2019 to 2020 the revenue breakdown shifted. This is primarily due to the impact of the COVID-19 pandemic and the related closures

^Medical Assistance decreased approx. \$4,000,000

^Counties, Cities School decreased approx. \$370,000

^Private Billings decreased approx. \$68,000

^Other (DEED State Grant income) decreased approx. \$58,000

*From 2020 to 2021 the revenue breakout shifted again.

^The year of rebuilding

^ Medical Assistance increased approx. \$1,700,000

^Counties, Cities School increased approx. \$37,000

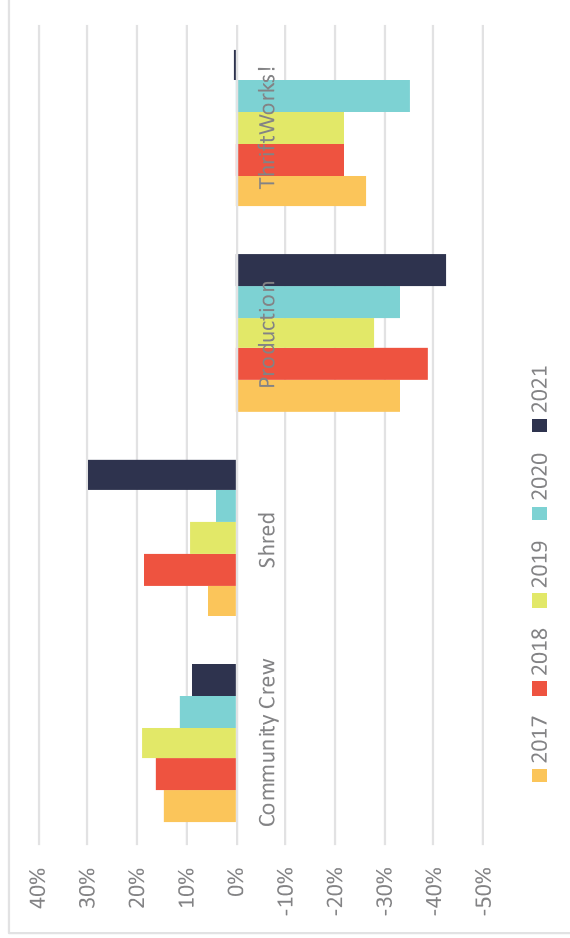
^Private Billings increased approx. \$70,000

^Other (DEED State Grant income) increased approx. \$36,000

	Medical Assistance	Counties, Cities, and School	Private Billings	Other
2017	\$ 5,108,292	\$ 779,820	\$ 127,072	\$ 126,066
2018	\$ 5,363,336	\$ 708,479	\$ 178,629	\$ 126,427
2019	\$ 6,084,814	\$ 636,992	\$ 196,927	\$ 143,335
2020	\$ 2,061,725	\$ 266,230	\$ 128,392	\$ 85,592
2021	\$ 3,802,961	\$ 304,133	\$ 198,184	\$ 121,681



Vocational Revenue Profit Margins



	2017	2018	2019	2020	2021
Community Crew	14%	16%	19%	12%	9%
Shred	6%	19%	9%	4%	30%
Production	-33%	-39%	-28%	-33%	-42%
ThriftWorks!	-26%	-22%	-22%	-35%	0%



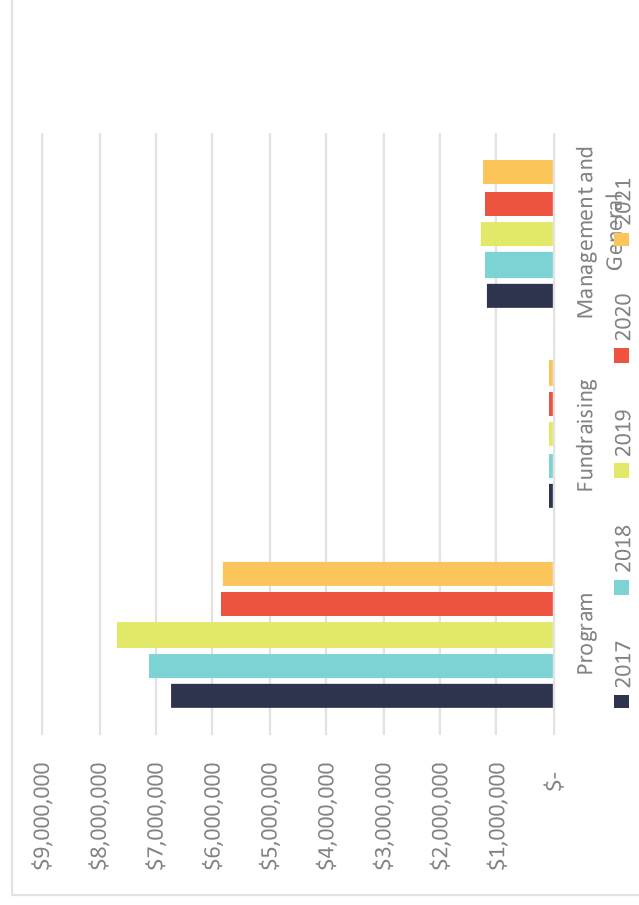
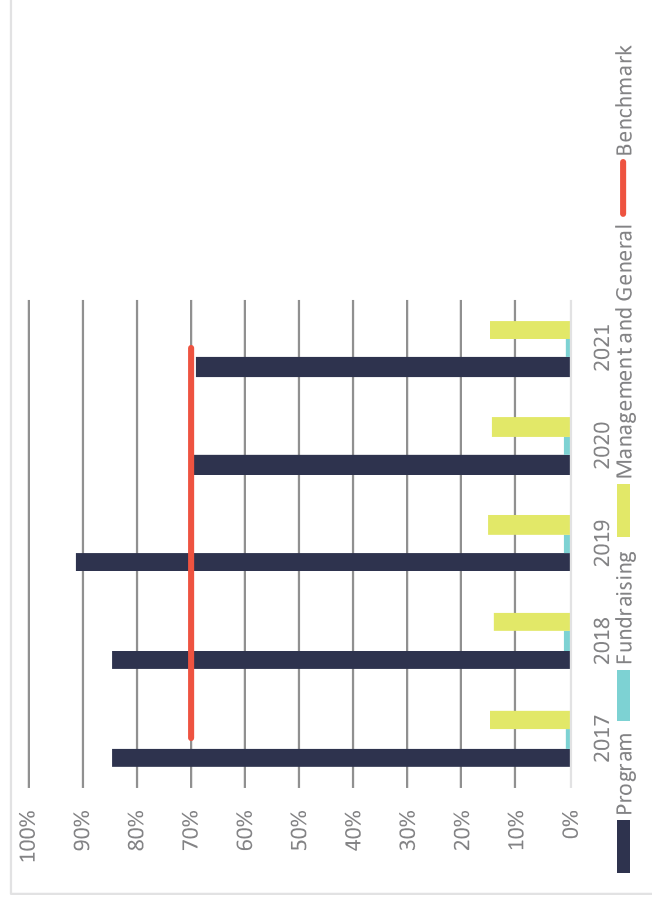
Expense Composition Table

	Total Dollars per Category					
	Staff Wages/Ben	Client Wages/Ben	Bldg/Equip	Transp	Dep/Amort	Other
2018	\$ 5,720,194	\$ 1,052,908	\$ 423,889	\$ 441,641	\$ 352,627	\$ 421,801
2019	\$ 5,938,668	\$ 1,046,176	\$ 424,549	\$ 449,143	\$ 413,239	\$ 761,833
2020	\$ 5,177,945	\$ 399,715	\$ 387,172	\$ 198,754	\$ 414,459	\$ 573,134
2021	\$ 4,803,456	\$ 664,011	\$ 392,590	\$ 332,205	\$ 375,763	\$ 559,880

	Total Category as a Percentage of Revenue					
	Staff Wages/Ben	Client Wages/Ben	Bldg/Equip	Transp	Dep/Amort	Other
2018	62%	11%	5%	5%	4%	5%
2019	62%	11%	4%	5%	4%	8%
2020	75%	6%	6%	3%	6%	8%
2021	53%	7%	4%	4%	4%	6%



Functional Expense Trending



Your Industry

<https://www.claconnect.com/industries/nonprofit#Resources>

<https://www.claconnect.com/campaign/covid-19>



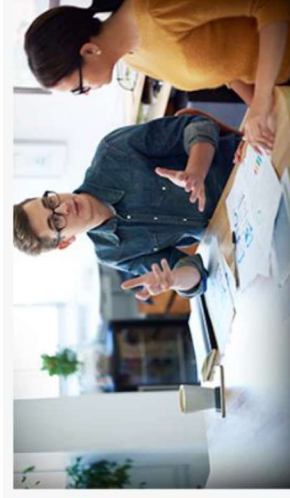
BLOG | 4/28/2022

Using Financial and Nonfinancial Data to Calculate Key Ratios



BLOG | 4/12/2022

Cybersecurity Education Series for Nonprofits – Series Introduction



BLOG | 4/14/2022

Lease Standard Education Series for Nonprofits – Series Introduction

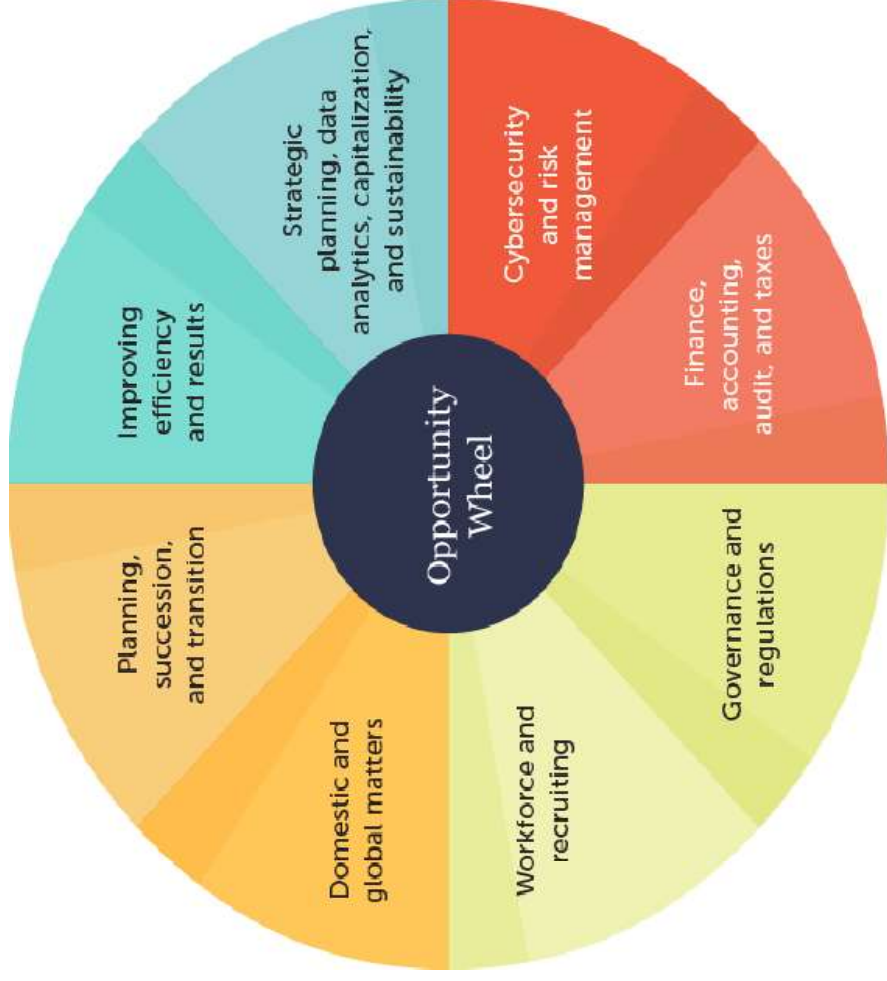
New Accounting Standard

Topic	Communication
Leases	<ol style="list-style-type: none">1. Requires Organizations to record all leases with a term of 12 months or greater on the balance sheet2. Your Effective Date – December 31, 2022
Gifts In-kind	<ol style="list-style-type: none">1. Requires Organizations to present contributed nonfinancial assets as a separate line item on your statement of Activities2. Additional qualitative information also required3. Your Effective Date – December 31, 2022

You don't have
to do it alone

**CLA: THE
Premier
Resource for
Nonprofits,
Businesses
and Their
Leaders**

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Appendix

WEALTH ADVISORY | OUTSOURCING AUDIT, TAX, AND CONSULTING

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Required Communications

Topic	Communication
<p>Our Responsibility Under Generally Accepted Auditing Standards, <i>Government Auditing Standards</i>, and Title 2 U.S. Code of Federal Regulations Part 200, <i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards</i> (Uniform Guidance)</p>	<ul style="list-style-type: none"> Express an opinion on the fair presentation of the financial statements in conformity with GAAP Plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement Evaluate internal control over financial reporting and over compliance requirements for direct and material major federal programs Utilize a risk-based audit approach Communicate significant matters to appropriate parties Test compliance with certain provisions of laws, regulations, contracts, etc., which could be direct and material to the financial statement amounts Test compliance requirements applicable to the major federal programs
<p>Planned Scope and Timing of the Audit</p>	<ul style="list-style-type: none"> Performed the audit according to the planned scope and timing previously communicated during audit planning discussion
<p>Other Information in Documents Containing the Audited Financial Statements</p>	<ul style="list-style-type: none"> Financial statements may only be used in their entirety Our approval is required to use our audit report in a client prepared document We have no responsibility to perform procedures beyond those related to the financial statements



Required Communications (Continued)

Topic	Communication
Significant Accounting Policies	<ul style="list-style-type: none"> • Management is responsible for the accounting policies of the organization • Accounting policies are outlined in Note 1 to the financial statements • No significant changes to the accounting policies during the year • Accounting policies deemed appropriate • No unusual transactions occurred
Significant Accounting Estimates	<ul style="list-style-type: none"> • An area of focus under a risk-based audit approach • Significant estimates include: allowance for doubtful accounts, depreciable lives of fixed assets, and functional allocation of expenses • Estimates determined by management based on their knowledge and experience • No management bias indicated • Estimates were deemed reasonable • Estimate uncertainty is disclosed in the financial statements
Significant Financial Statement Disclosures	<p>Concentrations – Note 2 Net Assets – Note 9 Endowment – Note 14</p>

Required Communications (Continued)

Topic	Communication
Supplemental Information	<ul style="list-style-type: none"> Supplementary Schedule of Vocational Business Activities <ul style="list-style-type: none"> Disclaim an opinion as this supplemental schedule is responsibility of management (no assurance provided by CLA) Supplemental information is appropriate and complete in relation to our audit Schedule of Expenditures of Federal Awards (SEFA) SEFA – engaged to report in relation to the financial statements as a whole
Management Representation Letter	<ul style="list-style-type: none"> Management will provide the signed representation letter prior to finalization of the audit reports
Other	<ul style="list-style-type: none"> No difficulties encountered in performing the audit No issues discussed prior to retention as independent auditors No disagreements with management regarding accounting, reporting, or other matters No consultations with other independent auditors No other findings or issues were discussed with, or communicated to, management

Internal Control Matters

Topic	Communication
Purpose	<ul style="list-style-type: none"> Express an opinion on the financial statements, not on the effectiveness of internal controls Our consideration of internal controls was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to fraud or error may occur and not be detected by such controls
Material Weakness	<ul style="list-style-type: none"> Reasonable possibility that a material misstatement would not be prevented, or detected and corrected on a timely basis
Significant Deficiencies	<ul style="list-style-type: none"> Less significant than a material weakness, yet important enough to merit the attention of governance
Restricted Use	<ul style="list-style-type: none"> This communication is intended solely for the information and use of management, the board of directors, and others within the Organization, and is not intended to be, and should not be, used by anyone other than these specified parties
Results	<ul style="list-style-type: none"> No material weaknesses identified



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