

POSITIVE ALTERNATIVES, INC.

Menomonie, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Years Ended December 31, 2019 and 2018

POSITIVE ALTERNATIVES, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Positive Alternatives, Inc.
Menomonie, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of Positive Alternatives, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

Auditors' 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 of America 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information as identified in the table of contents, as required by the *Department of Health Services Audit Guide*, issued by the Wisconsin Department of Health Services, and the *Provider Agency Audit Guide*, 2019 revision, issued by the Wisconsin Department of Children and Families, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2020 on our consideration of the Organization'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 the Organization'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 the Organization's internal control over financial reporting and compliance.

Baker Tilly Virchow Krause, LLP

Eau Claire, Wisconsin
June 25, 2020

POSITIVE ALTERNATIVES, INC.

STATEMENTS OF FINANCIAL POSITION
As of December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 440,918	\$ 333,151
Restricted cash - donor-restricted	57,400	-
Restricted cash - board-designated	10,000	-
Accounts receivable	317,643	410,547
Prepaid expenses	<u>30,393</u>	<u>46,842</u>
Total Current Assets	<u>856,354</u>	<u>790,540</u>
Noncurrent Assets		
Net property and equipment	<u>1,558,729</u>	<u>1,487,618</u>
TOTAL ASSETS	<u>\$ 2,415,083</u>	<u>\$ 2,278,158</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities		
Current portion of long-term debt	\$ 292,748	\$ 45,399
Current portion of deferred lease incentive	6,594	39,559
Accounts payable	117,795	36,436
Accrued wages	124,769	99,677
Accrued paid time off	63,998	67,027
Deferred revenue	<u>26,979</u>	<u>-</u>
Total Current Liabilities	<u>632,883</u>	<u>288,098</u>
Noncurrent Liabilities		
Noncurrent portion of long-term debt	409,137	701,886
Noncurrent portion of deferred lease incentive	<u>-</u>	<u>6,594</u>
Total Noncurrent Liabilities	<u>409,137</u>	<u>708,480</u>
Total Liabilities	<u>1,042,020</u>	<u>996,578</u>
NET ASSETS		
Net assets without donor restrictions	1,263,563	1,281,580
Net assets with donor restrictions	<u>109,500</u>	<u>-</u>
Total Net Assets	<u>1,373,063</u>	<u>1,281,580</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,415,083</u>	<u>\$ 2,278,158</u>

See accompanying notes to financial statements.

POSITIVE ALTERNATIVES, INC.

STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2019 and 2018

	2019			2018		
	Without Donor	With Donor	Total	Without Donor	With Donor	Total
	Restrictions	Restrictions		Restrictions	Restrictions	
REVENUE AND SUPPORT						
Non-governmental grants	\$ -	\$ 107,500	\$ 107,500	\$ 54,861	\$ -	\$ 54,861
County service fees - DCF regulated rates	2,832,083	-	2,832,083	2,759,084	-	2,759,084
County service fees - non-DCF regulated rates	518,457	-	518,457	488,689	-	488,689
Other county payments	54,968	-	54,968	63,568	-	63,568
Contributions	10,836	2,000	12,836	49,298	-	49,298
Private pay fees	25,531	-	25,531	55,328	-	55,328
Interest income	132	-	132	64	-	64
Other income	10,638	-	10,638	-	-	-
Total Revenue and Support	<u>3,452,645</u>	<u>109,500</u>	<u>3,562,145</u>	<u>3,470,892</u>	<u>-</u>	<u>3,470,892</u>
EXPENSES						
Program services	2,802,845	-	2,802,845	2,605,687	-	2,605,687
Management and general	667,817	-	667,817	631,503	-	631,503
Total Expenses	<u>3,470,662</u>	<u>-</u>	<u>3,470,662</u>	<u>3,237,190</u>	<u>-</u>	<u>3,237,190</u>
CHANGE IN NET ASSETS	<u>(18,017)</u>	<u>109,500</u>	<u>91,483</u>	<u>233,702</u>	<u>-</u>	<u>233,702</u>
NET ASSETS - Beginning of Year	<u>1,281,580</u>	<u>-</u>	<u>1,281,580</u>	<u>1,047,878</u>	<u>-</u>	<u>1,047,878</u>
NET ASSETS - END OF YEAR	<u>\$ 1,263,563</u>	<u>\$ 109,500</u>	<u>\$ 1,373,063</u>	<u>\$ 1,281,580</u>	<u>\$ -</u>	<u>\$ 1,281,580</u>

See accompanying notes to financial statements.

POSITIVE ALTERNATIVES, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2019 and 2018

	2019				2018			
	Program Services	Fundraising	Management and General	Total	Program Services	Fundraising	Management and General	Total
Salaries and wages	\$ 2,021,578	\$ -	\$ 345,489	\$ 2,367,067	\$ 1,846,277	\$ -	\$ 342,843	\$ 2,189,120
Employee benefits; full-time employees	181,721	-	49,024	230,745	106,010	-	27,030	133,040
Payroll tax expense	222,197	-	27,052	249,249	201,464	-	27,077	228,541
Insurance	-	-	39,019	39,019	-	-	33,316	33,316
Mortgage and auto loan interest	33,507	-	323	33,830	35,195	-	1,393	36,588
Rent	30,300	-	-	30,300	31,200	-	-	31,200
Utilities	39,251	-	11,571	50,822	31,500	-	11,491	42,991
Depreciation and amortization	70,484	-	66,656	137,140	70,485	-	51,488	121,973
Minor equipment and building improvements	47,639	-	12,862	60,501	113,185	-	8,446	121,631
Transportation and travel	17,771	-	42,969	60,740	28,565	-	50,030	78,595
Contract payments	2,369	-	1,717	4,086	1,605	-	12,300	13,905
Maintenance and supplies	13,215	-	1,518	14,733	14,638	-	1,387	16,025
Household and resources	83,599	-	-	83,599	79,401	-	-	79,401
Telephone and internet	18,671	-	5,146	23,817	17,567	-	6,094	23,661
Printing and postage	7,687	-	1,301	8,988	6,843	-	1,360	8,203
Audit, accounting, and legal fees	-	-	15,965	15,965	-	-	14,610	14,610
Office, computer, and supplies	5,910	-	20,463	26,373	11,916	-	15,198	27,114
Staff recruitment	75	-	1,163	1,238	-	-	1,406	1,406
Professional memberships	-	-	4,592	4,592	1,064	-	4,982	6,046
Staff development	5,263	-	12,725	17,988	7,322	-	14,076	21,398
Fundraising/other non-allowable	1,608	-	6,594	8,202	1,450	-	6,976	8,426
Prior year payback	-	-	1,668	1,668	-	-	-	-
TOTAL EXPENSES	\$ 2,802,845	\$ -	\$ 667,817	\$ 3,470,662	\$ 2,605,687	\$ -	\$ 631,503	\$ 3,237,190

See accompanying notes to financial statements.

POSITIVE ALTERNATIVES, INC.

STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 91,483	\$ 233,702
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation and amortization	137,140	121,973
Contributions restricted for purchase of property and equipment	(107,500)	-
Changes in operating assets and liabilities		
Accounts receivable	92,904	(76,220)
Prepaid expenses	16,449	(28,129)
Accounts payable	(5,203)	13,917
Accrued wages	25,092	9,788
Accrued paid time off	(3,029)	4,062
Deferred lease incentive	(39,559)	(39,559)
Deferred revenue	26,979	-
Net Cash Flows From Operating Activities	234,756	239,534
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(121,689)	(72,370)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of principal on long-term debt	(45,400)	(78,718)
Contributions received restricted for purchase of property and equipment	107,500	-
Net Cash Flows From Financing Activities	62,100	(78,718)
Net Change in Cash, Cash Equivalents, and Restricted Cash	175,167	88,446
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - Beginning of year	333,151	244,705
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	\$ 508,318	\$ 333,151
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	\$ 33,830	\$ 36,588
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Property acquired via accounts payable	\$ 86,562	\$ -
RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH TO THE STATEMENTS OF FINANCIAL POSITION		
Cash and cash equivalents	\$ 440,918	\$ 333,151
Restricted cash - donor-restricted funds	57,400	-
Restricted cash - board-designated funds	10,000	-
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	\$ 508,318	\$ 333,151

See accompanying notes to financial statements.

POSITIVE ALTERNATIVES, INC.

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2019 and 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

Through a continuum of family and strength-based services, Positive Alternatives, Inc. strives to equip at-risk youth and young adults with the social, emotional, and development skills needed to flourish.

Positive Alternatives, Inc. (the Organization) provides group home, prevention and community based services to assist in conflict resolution and interpersonal skill development for youth and families.

Group Homes include five, eight bed adolescent group homes in Amery, Menomonie, and River Falls (the Western Group Homes) and in Wood County and Marathon County. The Wood County Group Home was renamed “Wisconsin Rapids” group home in 2020. Each home provides a therapeutic group home environment that delivers 24-hour structure, support, and supervision to youth.

Prevention Services provided programming focused on keeping youth out of the juvenile justice system and assisting youth to maintain strong family, community, and school relationships. Prevention Services’ programs ended in late 2018.

Community Based Services works with youth and families to improve family, community, and school relationships as well as to prevent out of home placement. The program delivers three services:

Positive Alternatives Support Services (PASS) delivers individualized, community-based service with the goal of supporting youth with delinquency, mental health, AODA, or family instability concerns. The service has been renamed “Mentoring” in 2020.

Supervised Visitation provides a court ordered, supervised and documented face-to-face visitation of a child by a non-custodial parent in a safe environment.

Day Supervision offers a supervised and structured environment for youth outside a school setting during daytime, evening or weekend hours.

BASIS OF ACCOUNTING

The financial statements of the Organization have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). Support received under grants with various state agencies is recorded when the related costs are incurred. Accounts receivable are recorded for amounts due for revenues earned prior to year-end. All expenses are recorded when incurred.

POSITIVE ALTERNATIVES, INC.

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2019 and 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

DONATED SERVICES, MATERIALS, AND SUPPLIES

Donated services valued over \$500 and meeting the requirements for recognition (i.e., requiring a specialized skill or creating or enhancing nonfinancial assets that would otherwise have to be purchased), if any, are reflected in the financial statements. The value of these services is determined objectively using the market value for similar services. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization with its various programs and fundraising efforts. These services have not been reflected in the financial statements.

Donated materials and supplies valued over \$500 are recorded at fair value.

IMPAIRMENT OF LONG-LIVED ASSETS

The Organization reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

NET ASSETS

Net assets are classified based on the existence or absence of donor restrictions or board designations. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations, but can be designated by the board of directors. Donated long lived assets are recorded as net assets without donor restrictions when received.

Net assets with donor restrictions – Net assets that are subject to donor-imposed stipulations that either expire by actions of the Organization or the passage of time or that they be maintained permanently by the Organization. Cash donations for the purchase of long-lived assets are treated as net assets with donor restrictions until the designated asset is purchased and placed in service.

REVENUE RECOGNITION

Client service revenues are recognized at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing client care. These amounts are due from clients, third-party payors (including governmental entities), and others. Generally, the Organization bills the clients and third-party payors on a monthly basis, which may be several days after the services are performed and/or the client is discharged from the facility. Revenue is recognized as performance obligations are satisfied and reported as increases in net assets without donor restrictions.

The Organization has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from clients and third-party payors for the effects of a significant financing component due to the Organization's expectation that the period between the time the service is provided to a client and the time that the client or third-party payor pays for that service will be one year or less.

POSITIVE ALTERNATIVES, INC.

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2019 and 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ACCOUNTS RECEIVABLE

No uncollectible accounts receivable are known of or adjusted. No allowance for doubtful accounts is considered necessary as of December 31, 2019 and 2018.

UNCONDITIONAL PROMISES TO GIVE

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions are met or expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When restrictions are met or expire, net assets with donor restrictions are reclassified to net assets without donor restrictions. There were no unconditional promises to give as of December 31, 2019 and 2018.

GRANTS AND CONTRIBUTIONS

Revenues from grants are considered contributions if the transactions are non-reciprocal in nature and contain a right of return. As such, revenues from grants are recognized when conditions are met, that is as allowable expenditures are incurred, and reported as increases in net assets with or without donor restrictions.

FUNCTIONAL EXPENSE ALLOCATION

Functional expenses are charged to the Organization's various programs based on actual costs incurred or management's estimate of the area of operation that benefits from the expenses. Expenses not directly related to a specific program are tracked through an administration account and a percentage is assessed to all agency programs based on the number of hours worked by employees in each program.

USE OF ESTIMATES

The preparation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

CASH EQUIVALENTS

For the purposes of the statement of cash flows, all highly liquid instruments with a maturity of three months or less when purchased are considered to be cash equivalents.

RESTRICTED CASH

Amounts included in restricted cash represent cash received from donors that is restricted and amounts internally-designated by the Board of Directors to be spent on the Menomonie group home remodeling project. These restrictions and designations will lapse when the funds are spent on allowable remodeling costs.

POSITIVE ALTERNATIVES, INC.

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2019 and 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

INCOME TAX STATUS

The Organization is a not-for-profit organization exempt from paying income tax under Section 501(c)(3) of the Internal Revenue Code. The tax-exempt status is based upon the stated purpose of the operations and supporting evidence presented to the Internal Revenue Service with the application for tax-exempt status. Such status is subject to reevaluation should there be changes in operations, character, or purpose of the Organization. The Organization is also exempt from Wisconsin franchise or income taxes.

The Organization follows ASC Topic 740-10, *Accounting for Uncertainty in Income Taxes*. ASC Topic 740-10 requires entities to determine whether it is more likely than not that a tax position will be sustained upon examination of the technical merits of the position, assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements.

The Organization recorded no liabilities for uncertain tax positions or unrecognized tax benefits during the year ended December 31, 2019 and 2018.

NEW ACCOUNTING PRONOUNCEMENTS

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02, *Leases*. ASU 2016-02 was issued to increase transparency and comparability among entities. Lessees will need to recognize nearly all lease transactions (other than leases that meet the definition of a short-term lease) on the statement of financial position as a lease liability and a right-of-use asset (as defined). Lessor accounting under the new guidance will be similar to the current model. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021. Early application is permitted. Upon adoption, lessees and lessors will be required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach, which includes a number of optional practical expedients that entities may elect to apply.

The Organization is assessing the impact this standard will have on its financial statements.

NEW ACCOUNTING PRONOUNCEMENTS ADOPTED IN CURRENT YEAR

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. This ASU is a comprehensive new revenue recognition model that creates a single source of revenue guidance for all companies in all industries. The model is more principles-based than historical guidance, and is primarily based on recognizing revenue at an amount that reflects consideration to which the entity expects to be entitled to in exchange for transferring goods or services to a customer. The Organization adopted this guidance beginning January 1, 2019 utilizing the modified retrospective method of adoption. The adoption of this standard did not have a material impact on the Organization’s business practices, financial condition, or results of operations. The Organization has provided expanded disclosures pertaining to revenue recognition within Note 1.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. This ASU requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The Organization adopted this guidance beginning January 1, 2019, which was applied retrospectively, with transition provisions, to all periods presented in these financial statements. The adoption of this standard did not have a material impact on the Organization’s business practices, financial condition, or results of operations.

POSITIVE ALTERNATIVES, INC.

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2019 and 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

NEW ACCOUNTING PRONOUNCEMENTS ADOPTED IN CURRENT YEAR (cont.)

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU provided clarity and improved accounting guidance for contributions received and contributions made. The Organization adopted this guidance beginning January 1, 2019, utilizing the modified retrospective method of application. The adoption of this standard did not have a material impact on the Organization's business practices, financial condition, or results of operations. The Organization has provided expanded disclosures pertaining to revenue recognition within Note 1.

NOTE 2 – ACCOUNT RECEIVABLE

Accounts receivable at December 31, 2019 and 2018, consisted of the following:

	<u>2019</u>	<u>2018</u>
County contracts	\$ 316,621	\$ 408,793
Other	<u>1,022</u>	<u>1,754</u>
Totals	<u>\$ 317,643</u>	<u>\$ 410,547</u>

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment acquisitions are recorded at cost. Donated capital assets are recorded at their fair value at the time they are received. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Property and equipment acquisitions are capitalized for individual acquisitions over \$5,000. Depreciation expense totaled \$137,140 and \$121,973 for the years ended December 31, 2019 and 2018, respectively. Vehicles and buildings and improvements are subject to liens. The useful lives of the Organization's property and equipment are as follows:

Building and improvements	5 to 39 years
Equipment	5 to 10 years
Vehicles	3 years
Leasehold improvements	5 years

POSITIVE ALTERNATIVES, INC.

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2019 and 2018

NOTE 3 – PROPERTY AND EQUIPMENT (cont.)

A summary of property and equipment by major category is as follows:

	2019	2018
Land	\$ 168,741	\$ 168,741
Buildings and improvements	1,492,315	1,492,315
Vehicles	232,585	217,498
Leasehold improvements	194,000	194,000
Remodeling in progress	145,179	4,221
 Totals	 2,232,820	 2,076,775
Less: Accumulated depreciation	674,091	589,157
 Net Property and Equipment	 \$ 1,558,729	 \$ 1,487,618

NOTE 4 – LONG-TERM DEBT

Long-term debt is comprised of the following:

	2019	2018
Bremer Bank mortgage payable, interest at 4.75%, payable in monthly installments of \$1,610, including interest, with a balloon payment due on September 1, 2022 secured by real estate.	\$ 112,455	\$ 126,003
Bremer Bank mortgage payable, interest at 4.75%, payable in monthly installments of \$716, including interest, with a balloon payment due on April 15, 2022, secured by real estate.	100,683	104,330
Bremer Bank mortgage payable, interest at 4.50%, payable in monthly installments of \$1,959, including interest, with a balloon payment due on November 25, 2020, secured by real estate.	265,649	276,766
Bremer Bank mortgage payable, interest at 4.50%, payable in monthly installments of \$1,590, including interest, with a balloon payment due on January 6, 2022, secured by real estate.	223,098	231,788
Ally Bank auto loan payable, interest at 4.99%, payable in monthly installments of \$389, including interest, secured by a vehicle. Paid in full in 2019.	-	3,481
Ally Bank auto loan payable, interest at 4.39%, payable in monthly installments of \$549, including interest, secured by a vehicle. Paid in full in 2019.	-	4,917
Total Long-Term Debt	701,885	747,285
Less: Current portion of long-term debt	(292,748)	(45,399)
 Net Long-Term Debt	 \$ 409,137	 \$ 701,886

POSITIVE ALTERNATIVES, INC.

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2019 and 2018

NOTE 4 – LONG-TERM DEBT (cont.)

The Organization expects to refinance obligations with balloon payments at the end of note terms.

Interest expense totaled \$33,830 during 2019 and \$36,588 during 2018 and is included in mortgage and auto loan interest on the Statements of Functional Expenses.

Scheduled payments on long-term debt as of December 31, 2019 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 292,748	\$ 30,872	\$ 323,620
2021	28,446	18,550	46,996
2022	<u>380,691</u>	<u>5,093</u>	<u>385,784</u>
Totals	<u>\$ 701,885</u>	<u>\$ 54,515</u>	<u>\$ 756,400</u>

All mortgage payable long-term debt issues require that the Organization maintain a minimum debt service coverage ratio of 1.2.

NOTE 5 – NET ASSETS

Net assets at December 31, 2019 and 2018, consisted of the following:

	<u>2019</u>	<u>2018</u>
Without donor restrictions		
Operations	\$ 396,719	\$ 541,247
Net investment in property and equipment	856,844	740,333
Board designated for capital projects	10,000	-
Total without donor restrictions	<u>1,263,563</u>	<u>1,281,580</u>
With donor restrictions		
Purpose and time restricted		
Menomonie group home remodeling project	107,500	-
Community Based Services supplies and training	2,000	-
Total with donor restrictions	<u>109,500</u>	<u>-</u>
Total Net Assets	<u>\$ 1,373,063</u>	<u>\$ 1,253,563</u>

NOTE 6 – RETIREMENT PLAN

The Organization has a 403(b) retirement plan that covers all employees. All employees become eligible to participate beginning with the first hour of service. In addition to employee pay deferrals, the Organization may elect to match eligible participant contributions. Reduction of participant eligibility requirements were approved during 2019 and will be effective in 2020.

POSITIVE ALTERNATIVES, INC.

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2019 and 2018

NOTE 7 – LINE OF CREDIT

The Organization has \$200,000 available through a line of credit which expires October 30, 2021. There was no outstanding balance as of December 31, 2019 and 2018. The line of credit is secured by real estate. The interest rate is calculated at 0.75% over the lender's Index Rate, but will be no lower than 5.00%.

NOTE 8 – CONCENTRATIONS

The Organization's primary sources of support are counties located in central and western Wisconsin. The level of support is partly determined by the state of the economy in the area and also by funding for programs that are provided to youth and families from the state and federal governments.

During 2019 and 2018, a number of the Organization's contracts represented a significant revenue source. The following represents the amount and the percentage of total revenue and support relating to the Organization's concentrations:

<u>Source</u>	<u>2019</u>		<u>2018</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Marathon County	\$ 542,245	15.27%	\$ 538,503	15.51%
Chippewa County	394,569	11.11%	307,638	8.86%
Wood County	438,656	12.35%	564,982	16.28%

Individual amounts due at December 31, 2019 and 2018 from three of the Organization's contractors comprised 47% and 52% respectively, of the total year-end accounts receivable balance.

NOTE 9 – CONTINGENCIES

The Organization contracts with various county units of government to provide fee-based group home services. If the Organization's revenues exceed expenses by contracted service above a calculated 5% reserve, the contracting county may request return of its allocated share of the excess. Requests must be made within six months of receiving the Organization's audited financial statements. The total amount that could be requested from the contracting counties is \$0 and \$25,636, respectively, as of December 31, 2019 and 2018. Amounts that could be requested from the contracting counties have not been recorded as liabilities due to the uncertainty of repayment.

NOTE 10 – CONCENTRATION OF CREDIT RISK

The Organization maintains depository relationships with local financial institutions. Operating cash balances typically exceed Federal Depository Insurance Corporation limits. Management believes that these financial institutions have strong credit ratings and that credit risk related to these deposits is minimal. Concentrations of credit risk with respect to accounts receivable are limited because most accounts receivable are due from governmental and social service agencies.

POSITIVE ALTERNATIVES, INC.

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2019 and 2018

NOTE 11 – LIQUIDITY AND AVAILABILITY OF FUNDS

Financial assets available for general expenditure within one year of the statement of financial position date consist of the following as of December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 440,918	\$ 333,151
Accounts receivable	<u>317,643</u>	<u>410,547</u>
Financial assets available to meet cash needs for general purposes within one year	<u>\$ 758,561</u>	<u>\$ 743,698</u>

With available liquid assets and anticipated collections for service and expenses, the Organization believes adequate resources will be available for the next year of operation.

The Organization follows a formal liquidity policy to structure its financial assets to be available as expenditures, liabilities and other obligations become due. The Organization invests cash in excess of obligations in a money market account. To help manage unanticipated liquidity needs, the Organization maintains a line of credit.

In 2019, a policy was established that any net assets with donor restrictions or board designated net assets without donor restrictions in the form of cash are to be placed in a separate, designated money market or savings account until expended. The cash and cash equivalents for 2019 included above as available to meet cash needs do not include \$67,400 of cash that is restricted or designated for the Menomonie group home remodeling project.

A cash flow projection is included with annual financial budgets to ensure adequate cash needs for future operations.

NOTE 12 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 25, 2020, which is the date the financial statements were approved and available to be issued.

Effective March 1, 2020, Wood County ended its original guarantee to purchase an average of 6.75 group home beds per night, which was later reduced to 6.00 beds in 2018 and 4.00 beds in 2019. As of that date, the county began purchasing beds as needed and the group home is permitted to provide services to other buyers.

The operating lease for the Wood County property expired on February 29, 2020 and was renewed through December 31, 2020, with monthly payments of \$2,700 per month due from the Organization with a six month notice of non-renewal required.

POSITIVE ALTERNATIVES, INC.

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2019 and 2018

NOTE 12 – SUBSEQUENT EVENTS (cont.)

The Organization applied, and was approved, for a Paycheck Protection Program (PPP) loan through the Small Business Administration (SBA) in the amount of \$513,300. The loan has a two-year term at 1.00% interest, is guaranteed by the SBA, and is payable in monthly payments of principal and interest beginning on November 9, 2020. Upon mutual agreement by the Organization and the lender, the maturity date of this loan can be extended to five years. All, or a portion, of the loan and related accrued interest will be forgiven should the loan proceeds be used during the first eight weeks of the covered period for approved payroll and certain other non-payroll costs. The Organization has the option to extend the 8 week covered period to 24 weeks, but has not yet made that determination. The Organization believes a large portion of the loan will be forgiven, but is unable at the present time to determine the potential forgiven portion of the loan or the actual net liability.

In December 2019, a novel strain of coronavirus was reported in Wuhan, Hubei province, China. In the first several months of 2020, the virus, SARS-CoV-2, and resulting disease, COVID-19, spread to the United States, including areas impacting the Organization. The Organization's evaluation of the effects of these events is ongoing; however, based on current information, the pandemic has caused a decline in occupancies at the group homes and billing hours of the Community Based Services. Staffing difficulties have been mitigated by a temporary differential pay supplement. To help offset the lower income and increased expenses due to the pandemic, the Organization has received outside assistance from the SBA's Paycheck Protection Program, supplemental grants from the Wisconsin Department of Children and Families, and funding from several local foundations.

The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on future developments, including the duration and spread of the outbreak, and related governmental or other regulatory actions.

S U P P L E M E N T A L I N F O R M A T I O N

POSITIVE ALTERNATIVES, INC.

SCHEDULE OF CONTRACT EXPENDITURES
For the Year Ended December 31, 2019

<u>Contract</u>	<u>Contract Number</u>	<u>U.S. Department of Health and Human Services</u>	<u>Wisconsin Department of Health Services</u>	<u>Wisconsin Department of Children & Families</u>	<u>Wisconsin Department of Public Instruction</u>	<u>Totals</u>
Ashland County	N/A	\$ 1,193	\$ -	\$ 47,882	\$ -	\$ 49,075
Barron County	2019-100	-	-	465	-	465
Buffalo County	2019-056	-	-	18,839	-	18,839
Burnett County	2019-0011	-	-	130,477	-	130,477
Chippewa County	N/A	-	17,681	87,573	-	105,254
Clark County	N/A	-	-	11,164	-	11,164
Door County	2019-PAI	-	-	46,428	-	46,428
Dunn County	N/A	-	1,740	209,190	-	210,930
Eau Claire County	2019-0101	-	-	134,896	-	134,896
Jackson County	N/A	-	-	6,570	-	6,570
Kenosha County	CFS-AH-PLC-GH-19	-	-	62,545	14,671	77,216
La Crosse County	7139-1903-00	-	-	15,350	-	15,350
Marathon County	N/A	-	-	542,245	-	542,245
Monroe County	19-312	-	-	79,542	-	79,542
Pepin County	N/A	-	-	6,822	-	6,822
Pierce County	19-40, 19-41	-	22,017	-	-	22,017
Polk County	437003-119-000	-	6,280	321,085	-	327,365
Portage County	4729	-	-	12,877	-	12,877
Price County	N/A	-	-	137,804	-	137,804
St. Croix County	N/A	6,328	-	65,695	-	72,023
Sheboygan County	N/A	-	-	9,536	-	9,536
Taylor County	2019	-	-	1,396	-	1,396
Vilas County	N/A	-	-	123,035	-	123,035
Wood County	N/A	-	227,891	210,765	-	438,656
Ellsworth Community School District	N/A	-	-	-	759	759
Lutheran Social Services	N/A	-	20,067	-	-	20,067
Menomonie School District	N/A	-	-	-	787	787
TOTAL		<u>\$ 7,521</u>	<u>\$ 295,676</u>	<u>\$ 2,282,181</u>	<u>\$ 16,217</u>	<u>\$ 2,601,595</u>

See accompanying notes to schedule of contract expenditures.

POSITIVE ALTERNATIVES, INC.

NOTES TO SCHEDULE OF CONTRACT EXPENDITURES For the Year Ended December 31, 2019

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of contract expenditures (the schedule) includes the vendor relationship activity of Positive Alternatives, Inc. for the year ended December 31, 2019. The information in this schedule is presented in accordance with the requirements of the *Provider Agency Audit Guide, 2019* revision, issued by the Wisconsin Department of Children and Family and the *Department of Health Services Audit Guide*, issued by the Wisconsin Department of Health Services. Because the schedule presents only a selected portion of the operations of Positive Alternatives, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Positive Alternatives, Inc.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Allowable Cost Policy Manuals and applicable state statutes, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Contract numbers are presented where available.

POSITIVE ALTERNATIVES, INC.

SCHEDULE OF DETAILED REVENUE AND SUPPORT AND EXPENSES
For the Year Ended December 31, 2019

	Western Group Homes	Marathon County Group Home	Wood County Group Home	Community Based Services	Administration, Fundraising, and Other	Total
REVENUE AND SUPPORT						
Non-governmental grants	\$ -	\$ -	\$ -	\$ -	\$ 107,500	\$ 107,500
County service fees - DCF regulated rates	1,786,795	542,245	503,043	-	-	2,832,083
County service fees - non-DCF regulated rates	-	-	-	518,457	-	518,457
Other county payments	-	-	39,559	-	15,409	54,968
Contributions	1,682	-	-	2,526	8,628	12,836
Private pay fees	9,303	-	-	16,228	-	25,531
Interest income	-	-	-	-	132	132
Other	-	-	-	-	10,638	10,638
Total Revenue and Support	1,797,780	542,245	542,602	537,211	142,307	3,562,145
EXPENSES						
Salaries and wages	1,081,633	331,404	312,165	296,376	345,489	2,367,067
Employee benefits; full-time employees	96,094	29,216	29,365	27,046	49,024	230,745
Payroll tax expense	118,089	36,702	34,675	32,731	27,052	249,249
Insurance	-	-	-	-	39,019	39,019
Mortgage and auto loan interest	16,492	15,339	-	1,676	323	33,830
Rent	-	-	30,300	-	-	30,300
Utilities	16,885	9,884	5,278	7,204	11,571	50,822
Depreciation	14,022	13,377	39,559	3,526	66,656	137,140
Minor equipment and building improvements	36,143	2,825	7,278	1,393	12,862	60,501
Transportation and travel	3,531	3,187	3,851	7,202	42,969	60,740
Contract payments	1,418	483	468	-	1,717	4,086
Maintenance and supplies	8,156	1,854	2,611	594	1,518	14,733
Household and resources	51,310	15,430	13,870	2,989	-	83,599
Telephone and internet	7,876	2,906	3,969	3,920	5,146	23,817
Printing and postage	4,144	1,395	1,525	623	1,301	8,988
Audit, accounting, and legal fees	-	-	-	-	15,965	15,965
Office, computer, and supplies	2,522	706	2,275	407	20,463	26,373
Staff recruitment	-	-	75	-	1,163	1,238
Professional memberships	-	-	-	-	4,592	4,592
Staff development	1,747	518	1,244	1,754	12,725	17,988
Non-allowable costs	971	149	265	223	6,594	8,202
Prior year payback	-	-	-	-	1,668	1,668
Administrative allocation	345,308	89,589	87,229	131,929	(654,055)	-
Total Expenses	1,806,341	554,964	576,002	519,593	13,762	3,470,662
REVENUE OVER EXPENSES	\$ (8,561)	\$ (12,719)	\$ (33,400)	\$ 17,618	\$ 128,545	\$ 91,483

POSITIVE ALTERNATIVES, INC.

RESERVE SUPPLEMENTAL SCHEDULE
For the Year Ended December 31, 2019

	Western <u>Group Homes</u>	Marathon County <u>Group Home</u>	Wood County <u>Group Home</u>	<u>Total</u> N/A
1. Total days/hours of costs	7,691	2,465	2,587	
2. Allowable expenses for rate-based service:				
2a. Expenses allowable for reimbursement from the IV-E program	\$ 1,792,558	\$ 554,816	\$ 536,178	\$ 2,883,552
2b. Expenses allowable for reimbursement from the XIX program	-	-	-	-
2c. Other allowable expenses	-	-	-	-
2d. Allowable expenses for rate-based service	1,792,558	554,816	536,178	2,883,552
3. Total revenue for rate-based service	1,786,795	542,245	503,043	2,832,083
4. Excess revenue over expenses	(5,763)	(12,571)	(33,135)	(51,469)
5. Surplus retention per WI Statutes (5%)	-	-	-	-

Purchaser (Counties and State of Wisconsin)	Revenue From Purchaser	Purchaser's Share of Total Revenue	Purchaser's Share of Excess	Allowed 5% Retainage		
				Cap on Retainage	Retainage for This Period	Total Amount due to Purchaser
Residential Services - Western Group Homes (DCF regulated rates)						
Ashland	\$ 76,984	4.31%	\$ -	\$ 3,849	NA	\$ -
Barron	166,295	9.31%	-	8,315	NA	-
Buffalo	18,839	1.05%	-	942	NA	-
Burnett	130,477	7.30%	-	6,524	NA	-
Chippewa	153,153	8.57%	-	7,658	NA	-
Clark	36,050	2.02%	-	1,803	NA	-
Dane	9,536	0.53%	-	477	NA	-
Dunn	161,062	9.01%	-	8,053	NA	-
Eau Claire	134,896	7.55%	-	6,745	NA	-
Kenosha	77,216	4.32%	-	3,861	NA	-
La Crosse	15,350	0.86%	-	768	NA	-
Monroe	79,542	4.45%	-	3,977	NA	-
Pepin	1,861	0.10%	-	93	NA	-
Pierce	41,864	2.34%	-	2,093	NA	-
Polk	326,658	18.28%	-	16,333	NA	-
Portage	6,745	0.38%	-	337	NA	-
Price	137,804	7.71%	-	6,890	NA	-
Sheboygan	9,536	0.53%	-	477	NA	-
St. Croix	67,332	3.77%	-	3,367	NA	-
Taylor	1,396	0.08%	-	70	NA	-
Vilas	123,035	6.89%	-	6,152	NA	-
Winnebago	11,164	0.62%	-	558	NA	-
Total Residential Services - Western Group Homes	\$ 1,786,795	100.00%	\$ -	\$ 89,342	\$ -	\$ -
Residential Services - Marathon County Group Home (DCF regulated rates)						
Marathon	\$ 542,245	100.00%	\$ -	\$ 27,112	NA	\$ -
Total Residential Services - Marathon County	\$ 542,245	100.00%	\$ -	\$ 27,112	\$ -	\$ -
Residential Services - Wood County Group Home (DCF regulated rates)						
Adams	\$ 56,283	11.19%	\$ -	\$ 2,814	NA	\$ -
Chippewa	3,942	0.78%	-	197	NA	-
Door	46,428	9.23%	-	2,321	NA	-
Jackson	6,570	1.31%	-	329	NA	-
Portage	6,132	1.22%	-	307	NA	-
Wood	383,688	76.27%	-	19,184	NA	-
Total Residential Services - Wood County	\$ 503,043	100.00%	\$ -	\$ 25,152	\$ -	\$ -
Total County Service Fees (DCF regulated rates)	\$ 2,832,083		\$ -	\$ 141,606	\$ -	\$ -

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, THE PROVIDER AGENCY AUDIT GUIDE AND THE DEPARTMENT OF HEALTH SERVICES AUDIT GUIDE

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Positive Alternatives, Inc.
Menomonie, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the *Provider Agency Audit Guide*, 2019 revision, issued by the Wisconsin Department of Children and Families, and the *Department of Health Services Audit Guide*, issued by the Wisconsin Department of Health Services, the financial statements of Positive Alternatives, Inc. (the Organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 25, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, the *Provider Agency Audit Guide* or the *Department of Health Services Audit Guide*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards*, the *Provider Agency Audit Guide* and the *Department of Health Services Audit Guide* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Baker Tilly Virchow Krause, LLP". The signature is written in a cursive, flowing style.

Eau Claire, Wisconsin
June 25, 2020

POSITIVE ALTERNATIVES, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2019

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- > Material weakness(es) identified? _____ yes X no

- > Significant deficiencies identified that are not
 considered to be material weaknesses? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – OTHER ISSUES

1. Does the auditors’ report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee’s ability to continue as a going concern? _____ yes X no

POSITIVE ALTERNATIVES, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2019

SECTION III – OTHER ISSUES (cont.)

2. Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *Provider Agency Audit Guide* and the *Department of Health Services Audit Guide*:

State of Wisconsin	_____	yes	X	no
Department of Children and Families	_____	yes	X	no
Ellsworth Community School District	_____	yes	X	no
Lutheran Social Services	_____	yes	X	no
School District of the Menomonie Area	_____	yes	X	no
Adams County	_____	yes	X	no
Ashland County	_____	yes	X	no
Barron County	_____	yes	X	no
Buffalo County	_____	yes	X	no
Burnett County	_____	yes	X	no
Chippewa County	_____	yes	X	no
Clark County	_____	yes	X	no
Dane County	_____	yes	X	no
Door County	_____	yes	X	no
Dunn County	_____	yes	X	no
Eau Claire County	_____	yes	X	no
Jackson County	_____	yes	X	no
Kenosha County	_____	yes	X	no
La Crosse County	_____	yes	X	no
Marathon County	_____	yes	X	no
Monroe County	_____	yes	X	no
Pepin County	_____	yes	X	no
Pierce County	_____	yes	X	no
Polk County	_____	yes	X	no
Portage County	_____	yes	X	no
Price County	_____	yes	X	no
Sheboygan County	_____	yes	X	no
St. Croix County	_____	yes	X	no
Taylor County	_____	yes	X	no
Vilas County	_____	yes	X	no
Winnebago County	_____	yes	X	no
Wood County	_____	yes	X	no

POSITIVE ALTERNATIVES, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2019

SECTION III – OTHER ISSUES (cont.)

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

X yes no

4. Name and signature of partner

Kimberly Shult

Kimberly M. Shult, CPA, Partner

5. Date of report

June 25, 2020

POSITIVE ALTERNATIVES, INC.

SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2019

The previous audit of the Organization was for the year ended December 31, 2018. There were no findings or questioned costs reported in that audit.