

Next Steps for Change, Inc.

Audited Financial Statements
With
Independent Auditor's Report
For the Year Ended December 31, 2024

Next Steps for Change

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January 30, 2025

To the Board of Directors
Next Steps for Change, Inc.
N5782 Lake Park Drive
Onalaska, WI 54650

Independent Auditor's Report

Opinion

We have audited the accompanying financial statements of Next Steps for Change, Inc. (a nonprofit organization), which comprise the Statement of Financial Position – Modified Cash Basis as of December 31, 2024, and the related Statements of Activities – Modified Cash Basis, Cash Flows – Modified Cash Basis and Functional Expenses – Modified Cash Basis for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the modified cash basis financial position of Next Steps for Change, Inc. as of December 31, 2024, and the modified cash basis results of its operations and its modified cash basis cash flows for the year then ended in accordance with the basis of accounting described in Note B.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Next Steps for Change, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

We draw attention to Note B of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Next Steps for Change, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Next Steps for Change, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate that raise substantial doubt about Next Steps for Change, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying *Schedule of Expenditures of Federal and State Awards, DHS Cost Reimbursement Award Schedule* and *Reserves Schedule* are presented for the purpose of additional analysis as required by the Provider Agency Audit Guide, 2021 Revision, as issued by the Wisconsin Department of Health Services and are not a required part of the basic 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 December 30, 2025 on our consideration of Next Steps for Change, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Next Steps for Change, Inc.'s internal control over financial reporting and compliance.


Gordon J. Maier & Company, LLP
Certified Public Accountants

Next Steps for Change, Inc.
Statement of Financial Position - Modified Cash Basis
December 31, 2024

Assets	
Current Assets	
Cash	\$ 241,951
Total Assets	<u><u>\$ 241,951</u></u>
Liabilities and Net Assets	
Liabilities	
Accrued Payroll Liabilities	\$ 12,993
Net Assets	
Unrestricted Net Assets	\$ 138,958
Restricted Net Assets	<u>90,000</u>
Total Net Assets	<u>228,958</u>
Total Liabilities and Net Assets	<u><u>\$ 241,951</u></u>

The accompanying notes are an integral part of these financial statements

Next Steps for Change, Inc.
Statement of Activities - Modified Cash Basis
Year Ended December 31, 2024

Revenues		
Contracts and Grants	\$ 478,342	
Recovery Coach Academy Revenue	2,100	
Individual Contributions	7,757	
Miscellaneous Income	6,561	
Total Revenue	6,561	\$ 494,760
Expenses		
Program Services	416,456	
Supporting Services		
Management and General	46,272	
Fundraising	-	
Total Expenses	-	462,728
Operating Income / (Expense)		32,032
Net Assets - January 1, 2024		196,926
Net Assets - December 31, 2024		\$ 228,958

The accompanying notes are an integral part of these financial statements.

Next Steps for Change
Statement of Cash Flows - Modified Cash Basis
Year Ended December 31, 2024

Cash Flows from Operating Activities	
Net Income	\$ 32,032
Adjustments to Reconcile Net Income to Net Cash from Operating Activities:	
Increase in Accrued Payroll Expenses	<u>1,792</u>
Net Cash Flows from Operating Activities	33,824
Cash at Beginning of Year	<u>208,125</u>
Cash at End of Year	<u><u>\$ 241,949</u></u>

The accompanying notes are an integral part of these financial statements.

Next Steps for Change, Inc.
Statement of Functional Expenses - Modified Cash Basis
Year Ended December 31, 2024

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Support Services</u>	<u>2024 Total</u>
Payroll Expense	\$ 345,017	\$ 38,335	\$ -	38,335	\$ 383,352
Professional Fees	24,768	2,752	-	2,752	27,520
Supplies	1,235	137	-	137	1,372
Insurance	3,524	392	-	392	3,916
Information Technology and Website	20,098	2,233	-	2,233	22,331
Recovery Coach Training	8,310	923	-	923	9,233
Continuing Professional Education	392	44	-	44	436
Employee and Volunteer Appreciation	2,116	235	-	235	2,351
Office Expenses	1,146	127	-	127	1,273
Rent Expense	2,340	260	-	260	2,600
Miscellaneous Expenses	78	9	-	9	87
In Person Staff Meeting	147	16	-	16	163
Prevention Expenses	7,285	809	-	809	8,094
Total Operating Expenses	<u><u>\$ 416,456</u></u>	<u><u>\$ 46,272</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 46,272</u></u>	<u><u>\$ 462,728</u></u>

The accompanying notes are an integral part of these financial statements.

Next Steps for Change, Inc.
Notes to Financial Statements
December 31, 2024

Note A. Nature of the Organization

Next Steps for Change, Inc. is a nonprofit organization based in Western Wisconsin that, through the use of peer support, empowers individuals who use substances to find their own pathway to recovery. It was founded to address a critical shortage of treatment options for people with substance use disorders in the community. In addition, Next Steps for Change, Inc., as an organization, aims to foster a compassionate community and train recovery coaches who inspire hope and drive change.

Note B. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of Next Steps for Change, Inc. have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). This basis differs from GAAP primarily because expenses are generally recognized when paid rather than incurred, and revenues are recognized when collected rather than earned. Accrued payroll liabilities are recorded in these financial statements but accounts receivable and prepaid expenses are not included in these financial statements.

Basis of Presentation

Financial statement presentation follows the standards of FASB ASC 958, *Not-for-Profit Entities*. Under FASB ASC 958, *Not-for-Profit Entities*, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets of the Organization and changes therein are classified and reported as follows:

Without Donor Restrictions—Net assets that are not subject to donor-imposed restrictions

With Donor Restrictions—Net assets subject to donor-imposed restrictions that will be met either by actions of the Organization and/or the passage of time.

All contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor or grantor. Restricted contributions received are considered restricted assets until expenses are incurred in compliance with the donor's restrictions. When a restriction expires (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) restricted net assets are reclassified to without donor restriction and reported in the Statement of Activities as net assets released from restrictions.

Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively.

Next Steps for Change, Inc.
Notes to Financial Statements
December 31, 2024

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the 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, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents are defined for the purpose of this financial statement as demand deposits with banks or financial institutions, and all highly liquid investments with an initial maturity of three months or less.

Functional Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of time studies which determine where staff resources are being used. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Accounts Receivable

Accounts receivable represent the amounts that have been billed but not collected as of the date of the financial statements. Accounts receivable are stated at the amount the Organization expects to be collected from the outstanding balance. There were no balances outstanding as of December 31, 2024.

Note C. Concentration of Risks

The Organization recognized approximately 93% of its revenue from three sources for the year ended December 31, 2024.

The Organization maintains its cash accounts at State Bank Financial in LaCrosse, Wisconsin. Accounts in the bank are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2024, the Organization had \$242,765.80 on deposit of which \$-0- was not insured.

Note D. Income Taxes

The Organization was formed under Wisconsin statutes as a Wisconsin nonprofit corporation, without stock, and is exempt from Wisconsin income tax and federal income tax, except for tax on unrelated business income, under Section 501(c)(3) of the Internal Revenue Code. The Organization is not a private foundation, and no provision or benefit for income taxes has been included in these financial statements. The Organization had no unrelated business income for the year ended December 31, 2024. None of the Organization's federal or state returns are currently under examination, and the Organization believes it is no longer subject to income tax examinations for years prior to 2020.

Next Steps for Change, Inc.
Notes to Financial Statements
December 31, 2024

Note E. Liquidity and Availability of Resources

The Organization has \$241,951 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash.

Note F. Subsequent Events

Subsequent events have been evaluated through January 30, 2025 which is the date the financial statements were available to be issued.

Note G. Line of Credit

On June 25, 2024, the Organization secured a revolving line of credit with State Bank Financial in the amount of \$60,000. The line of credit requires monthly interest payments on any outstanding balance at the prime rate published by the Wall Street Journal, which currently stands at 8.5% per annum. The line of credit is secured by all of the Organization's assets and matures on June 25, 2025, at which time all outstanding amounts are due. There was no outstanding balance at December 31, 2024.

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January 30, 2025

To the Board of Directors
Next Steps for Change, Inc.
N5782 Lake Park Drive
Onalaska, WI 54650

**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, and the
Provider Agency Audit Guide, 2021 Revision**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Next Steps for Change, Inc., which comprise the Statement of Financial Position – Modified Cash Basis as of December 31, 2024, and the related Statements of Activities – Modified Cash Basis, Cash Flows – Modified Cash Basis and Functional Expenses – Modified Cash Basis for the year then ended, and the related notes to the financial statements, which collectively comprise Next Steps for Change, Inc.'s basic financial statements and have issued our report thereon dated January 30, 2025.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Next Steps for Change, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Next Steps for Change, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Next Steps for Change, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged by governance.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. Given these limitations, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Next Steps for Change, Inc.'s financial statements are free of 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 did not disclose 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 controls and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal compliance. Accordingly, this communication is not suitable for any other purpose.



Gordon J. Maier & Company, LLP
Certified Public Accountants

Next Steps for Change, Inc.
Schedule of Findings and Questioned Costs
Year Ended December 31, 2024

A. Section I - Summary of Auditor's Results

- | | | |
|----|---|------------|
| 1. | Type of Auditor's Report Issued: | Unmodified |
| 2. | Internal Control Over Financial Reporting: | |
| | a. Material Weakness(es) Identified? | No |
| | b. Significant Deficiencies Identified? | No |
| 3. | Noncompliance Material to Financial Statements Noted? | No |

B. Section II – Financial Statement Findings

None

C. Section IV – Other Issues

- | | | |
|----|---|-----|
| 1. | Does the auditor have substantial doubt about the auditee's ability to continue as a going concern? | No |
| 2. | Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weaknesses, significant deficiencies, management letter comment) related to grants/contracts with funding agencies that require audits to be in accordance with the Department of Health Services (DHS) Audit Guide, 2018 Revision? | No |
| 3. | Was a management letter or other document conveying audit comments issued as a result of this audit? | Yes |

D. Partner in Charge of the Engagement:



E. Date of Audit Report

January 30, 2025

Supplementary Information

Next Steps for Change, Inc.
Schedule of Expenditures of Federal and State Awards
Year Ended December 31, 2024

	Federal CFDA Number	Federal Expenditures
FEDERAL AWARDS		
U.S. Substance Abuse and Mental Health Services Administration Substance Use Prevention, Treatment and Recovery Services Block Grant Passed through Monroe County Department of Human Services	93.959	\$ 35,904
U.S. Substance Abuse and Mental Health Services Administration Opioid State Targeted Response Grant Passed through Monroe County Department of Human Services	93.788	251,156
U.S. Substance Abuse and Mental Health Services Administration Substance Use Prevention, Treatment and Recovery Services Administration Passed through Coulee Council on Addictions, Inc.	93.243	21,468
U.S. Substance Abuse and Mental Health Services Administration Opioid State Targeted Response Grant Passed through Coulee Council on Addictions, Inc.	93.788	<u>16,424</u>
Total Expenditures of Federal Awards		<u><u>\$ 324,952</u></u>
	State Identifying Number	State Expenditures
STATE AWARDS		
Wisconsin Department of Health Services Treatment Alternatives and Diversion Program Vernon County Recovery Court	39.6005749	\$ 3,948
Total Expenditures of State Awards		<u><u>\$ 3,948</u></u>

Next Steps for Change, Inc.
Notes to Schedule of Expenditures of Federal and State Awards
Year Ended December 31, 2024

Note A. Basis of Presentation

The accompanying *Schedule of Expenditures of Federal and State Awards* includes the federal and state grant activity of Next Steps for Change, Inc. and is presented on the modified cash basis of accounting. The information in this schedule is presented in accordance with the requirements of the Department of Health Services (DHS) Audit Guide, 2021 Revision. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

Note B. Summary of Significant Accounting Policies

Expenditures reported on the *Schedule of Expenditures of Federal and State Awards* are reported on the modified cash 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. Pass-through entity identifying numbers are presented where available.

Next Steps for Change, Inc.
DHS Cost Reimbursement Award Schedule
Year Ended December 31, 2024

	Treatment Alternatives and Diversion <u>39.6005749</u>
Award Amount	\$ 3,948
Award Period	January 1, 2024 to December 31, 2024
Period of Award Within Audit Period	January 1, 2024 to December 31, 2024
A. Expenditures Reported to DHS or Revenue Received	\$ 3,948
B. Total Operating Costs of Award	
1. Payroll Expense	\$ 3,164
2. Professional Fees	227
3. Supplies	11
4. Insurance	32
5. Advertising and Promotion	-
6. Information Technology and Website	184
7. Recovery Coach Training	76
8. Continuing Professional Education	4
9. Employee and Volunteer Appreciation	19
10. Dues and Subscriptions	-
11. Community Engagement	-
12. Office Expenses	11
13. Rent Expense	21
14. Miscellaneous Expenses	1
15. In Person Staff Meeting	1
16. Prevention Expenses	67
Total Operating Costs of Awards	\$ 3,818
Total Operating Costs of Awards	\$ 3,818
C. Less Disallowed Costs	-
D. Less Program Revenue and Other Offsets to Costs	-
E. Total Allowable Costs	3,818
F. Gain or Loss = Line A. - Line E.	\$ 130

Next Steps for Change, Inc.
Reserves Schedule
For the Year Ended December 31, 2024

1. Total units of service	13,327
2. Allowable expenses for rate-based service	\$ 296,392.00
3. Total revenue for rate-based service	\$ 296,392.00
4. Excess (deficiency) revenue over expenses (line 3 minus line 2)	\$ -
5. Calculation of excess reserves amount due to purchaser(s):	

	5a	5b Revenue from purchaser	5c Purchaser's share of total revenue	5d Purchaser's share of excess revenue (deficiency)	5e 5% Cap on Excess Reserves	5f Amount due to the purchaser
Monroe County		\$ 296,392	100%	\$ -	\$ 14,820	\$ -
La Crosse County		-	0%	-	-	-
		\$ 296,392		\$ -	\$ 14,820	\$ -