

INSTITUTE OF WOMEN & ETHNIC STUDIES

**FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED DECEMBER 31, 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Institute of Women & Ethnic Studies
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the **Institute of Women & Ethnic Studies (IWES)** (a nonprofit 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.

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

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors
Institute of Women & Ethnic Studies
New Orleans, Louisiana
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Auditors Responsibility, continued

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 **IWES** as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other 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 awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the accompanying Schedule of Compensation, Benefits and Other Payments to Chief Executive Officer are presented for purposes of additional analysis and is 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.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors
Institute of Women & Ethnic Studies
New Orleans, Louisiana
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2021, on our consideration of IWES' 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 IWES' 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 IWES' internal control over financial reporting and compliance.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

March 1, 2021

INSTITUTE OF WOMEN & ETHNIC STUDIES
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

ASSETS

Cash and cash equivalents (NOTES 2 and 4)	\$ 2,062,641
Investments (NOTES 13 and 14)	554,060
Accounts receivable	69,190
Federal grants receivable (NOTE 5)	525,516
Unconditional promises to give (NOTE 6)	850,000
Prepaid expenses	13,362
Other assets	23,424
Furniture and equipment, net (NOTE 7)	<u>35,461</u>
 Total assets	 <u>\$ 4,133,654</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable and accrued expenses	\$ 99,693
Accrued annual leave payable (NOTE 8)	129,945
Amounts due to grantor (NOTE 12)	11,248
Deferred revenue	<u>67,311</u>
 Total liabilities	 <u>308,197</u>
 Net assets:	
Without donor restrictions	345,213
With donor restrictions	<u>3,480,244</u>
 Total net assets	 <u>3,825,457</u>
 Total liabilities and net assets	 <u>\$ 4,133,654</u>

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

INSTITUTE OF WOMEN & ETHNIC STUDIES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES			
Federal grants (NOTES 2 and 11)	\$ 2,119,464	\$ 0	\$ 2,119,464
Private grants (NOTES 2 and 11)	0	3,375,809	3,375,809
Contract income	307,037	0	307,037
Contributions and donations	4,950	0	4,950
Other income	43,728	0	43,728
Net assets released from restrictions:			
Satisfaction of restrictions (NOTE 10)	<u>1,420,475</u>	<u>(1,420,475)</u>	<u>0</u>
Total support and revenues	<u>3,895,654</u>	<u>1,955,334</u>	<u>5,850,988</u>
EXPENSES			
Program services	3,492,007	0	3,492,007
Supporting services:			
Fundraising	220,678	0	220,678
Management and general	<u>352,133</u>	<u>0</u>	<u>352,133</u>
Total expenses	<u>4,064,818</u>	<u>0</u>	<u>4,064,818</u>
Change in net assets	(169,164)	1,955,334	1,786,170
Net assets, beginning of year	<u>514,377</u>	<u>1,524,910</u>	<u>2,039,287</u>
Net assets, end of year	<u>\$ 345,213</u>	<u>\$ 3,480,244</u>	<u>\$ 3,825,457</u>

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

INSTITUTE OF WOMEN & ETHNIC STUDIES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services	Supporting Services		Total
		Fundraising	Management and General	
Salaries and wages	\$ 1,984,023	\$ 150,891	\$ 174,107	\$ 2,309,021
Fringe benefits	459,898	34,984	38,510	533,392
Occupancy	136,596	10,351	13,597	160,544
Supplies	60,975	4,688	4,134	69,797
Printing and reproduction	19,982	3,289	0	23,271
Travel, meetings and conferences	129,299	12,383	33,920	175,602
Purchased services	41,871	3,917	5,222	51,010
Stipends and incentives	51,828	0	0	51,828
Contractual services	605,221	0	57,019	662,240
Other expenses	0	0	20,041	20,041
Depreciation	2,314	175	5,583	8,072
	<u>\$ 3,492,007</u>	<u>\$ 220,678</u>	<u>\$ 352,133</u>	<u>\$ 4,064,818</u>

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

INSTITUTE OF WOMEN & ETHNIC STUDIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 1,786,170
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	8,072
Increase in accounts receivable	(69,190)
Increase in grants receivable	(379,388)
Increase in unconditional promises to give	(450,000)
Decrease in prepaid expenses	10,177
Increase in other assets	(11,470)
Increase in accounts payable accrued liabilities	54,823
Increase in accrued annual leave payable	56,862
Decrease in funds held for others	(147,691)
Increase in amounts due to grantor	11,248
Increase in deferred revenue	<u>67,311</u>
Net cash provided by operating activities	<u>936,924</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of equipment	(27,097)
Proceeds from investments	<u>577,206</u>
Net cash provided by investing activities	<u>550,109</u>

Net increase in cash and cash equivalents	1,487,033
Cash and cash equivalents, beginning of year	<u>575,608</u>
Cash and cash equivalents, end of year	<u><u>\$ 2,062,641</u></u>

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

INSTITUTE OF WOMEN & ETHNIC STUDIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - NATURE OF OPERATIONS:

Founded in 1993, the **Institute of Women & Ethnic Studies (IWES)** is a national, non-for-profit 501(c)(3) health organization that creates initiatives to promote healing among communities, especially those facing adversity. The mission of **IWES** is to improve the mental, physical and spiritual health and quality of life for women, their families and communities of color, particularly among marginalized populations using community-driven research, programs, training and advocacy.

IWES helps to build emotional and physical well-being, resilience and capacity, using a Social Ecological Model (SEM) as its theoretical framework, which is an in-depth multidimensional approach that recognizes that individual behavior is shaped by multiple levels of influence including, interpersonal, community and societal context.

Through this approach, **IWES** creates culturally proficient programs, activities and research to address and advocate for women of color, their families and communities to heal and create sustainable change.

IWES works in the following issue areas:

- **Resilience** - community-level, non-clinical approaches to equitable recovery, healing and resilience of vulnerable populations through community-wide healing events, documenting stories of struggle and survival, collaborations to develop trauma-informed approaches and community-driven, participatory research.
- **Emotional/Physical Well-Being** - engaging community members in activities and events focused on addressing emotional well-being, overall physical and psychological health.

INSTITUTE OF WOMEN & ETHNIC STUDIES
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - NATURE OF OPERATIONS, CONTINUED:

- **Youth Development** - providing opportunities for youth to develop and enhance leadership, advocacy, technical and job training skills, through trauma-informed approaches.
- **Sexual Health** - providing comprehensive sexual health education, HIV and teen pregnancy prevention education, advocacy and outreach using social media, peer and community engagement.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting

The financial statements of **IWES** are prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America. 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 and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Reporting

Effective January 1, 2018, **IWES** has implemented the guidance under Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 158). In accordance with the provisions of FASB Accounting Standards Codification (FASB ASC) 958, *Not-for-Profit Entities*, which establishes standards for external financial reporting by not-for-profit organizations, **IWES** classifies resources for accounting and reporting purposes into two net asset categories which are net assets without donor restrictions and net assets with donor restrictions.

INSTITUTE OF WOMEN & ETHNIC STUDIES
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

A description of the two net asset categories is as follows:

- o Net assets without donor restrictions include funds not subject to donor-imposed stipulations. The revenues earned and expenses incurred in conducting the mission of IWES are included in this category.
- o Net assets with donor restrictions include realized gains and losses, investment income, and grants and contributions for which donor-imposed restrictions have not been met and contributions which are required by the donor-imposed restriction to be invested in perpetuity and only the income be made available for program operations in accordance with the donor restrictions.

Property and Equipment

Property and equipment are recorded at cost, if purchased, or at fair market value at the date of the gift, if donated. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation is provided using the straight-line method over estimated useful lives ranging from three (3) to seven (7) years.

Revenue Recognition

Contract revenues and grant revenues from federal, state and private grants structured as exchange transactions are recognized when earned.

INSTITUTE OF WOMEN & ETHNIC STUDIES
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Revenue Recognition, Continued

Contributions are recognized upon receipt or when a donor makes a promise to give that is, in substance, unconditional. Grants (if considered nonexchange transactions) are classified as contributions and when received or substantially unconditionally promised are recorded as without donor restriction or with donor restriction support, depending on the existence and/or nature of any restrictions.

Contributions that are restricted by the donor are reported as increases in net assets without restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Deferred revenues arise when resources are received by IWES before it has a legal claim to them. In subsequent periods, when IWES has legal claim to the resources, current period revenue is recognized and deferred revenue is reduced.

Investments

In accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-320, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position.

INSTITUTE OF WOMEN & ETHNIC STUDIES
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Functional Allocation of Expenses

The costs of providing IWES' various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among programs and supporting services benefitted based on time and effort, square footage utilized and full-time equivalents, as applicable.

Advertising

IWES expenses advertising costs as incurred. Advertising costs were \$15,347 for the year ended December 31, 2019 and are included in Purchased Services on the statement of functional expenses.

Statement of Cash Flows

For purposes of the statement of cash flows, IWES considers all highly liquid investments with original maturities of three months or less that are not restricted for specific purposes to be cash equivalents. At December 31, 2019, IWES had cash equivalents of \$1,468,541 included in its investment portfolio.

Income Taxes

IWES is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. Therefore, no provision for income taxes is made in the accompanying financial statements. Should IWES' tax-exempt status be challenged in the future, IWES' 2017, 2018 and 2019 tax years are open for examination by the Internal Revenue Service.

INSTITUTE OF WOMEN & ETHNIC STUDIES
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - ECONOMIC DEPENDENCY:

In 2019, approximately 35% of IWES' revenue was derived from direct, multi-year federal awards from the U.S. Department of Health and Human Services. IWES' ability to continue as a going concern is dependent upon the renewal of grants and contributions from current funding sources as well as obtaining new funding.

NOTE 4 - CONCENTRATION OF CREDIT RISK:

IWES maintains noninterest-bearing and low-interest-bearing accounts at four financial institutions. The Federal Deposit Insurance Corporation provides up to \$250,000 of deposit insurance coverage per depositor per financial institution. At December 31, 2019, IWES' had \$253,440 of unsecured deposits.

NOTE 5 - FEDERAL GRANTS RECEIVABLE:

At December 31, 2019, federal grants receivable consist of the following:

U.S. Department of Health and Human Services:	
Office of Adolescent Health	\$491,490
U. S. Department of Justice Passed Through:	
New Orleans Family Justice Center	<u>34,026</u>
Total	<u>\$525,516</u>

INSTITUTE OF WOMEN & ETHNIC STUDIES
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 6 - UNCONDITIONAL PROMISES TO GIVE:

At December 31, 2019, IWES' unconditional promises to give are as follows:

Nonprofit organizations	\$ 20,000
Private foundations and trusts	815,000
Colleges and universities	<u>15,000</u>
Total	<u>\$850,000</u>

Unconditional promises to give are expected to be collected as follows:

Receivable in less than one (1) year	\$440,000
Receivable in one (1) to three (3) years	<u>410,000</u>
Total	<u>\$850,000</u>

NOTE 7 - FURNITURE AND EQUIPMENT:

At December 31, 2019 furniture and equipment and related depreciation consist of the following:

Furniture and equipment	<u>\$44,717</u>
	44,717
Less accumulated depreciation	<u>(9,256)</u>
Total	<u>\$35,461</u>

INSTITUTE OF WOMEN & ETHNIC STUDIES
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 8 - ACCRUED ANNUAL LEAVE PAYABLE:

IWES records annual leave earned but not used by employees in the period in which the leave is earned. At December 31, 2019, accrued leave totaled approximately \$129,945 and represented 2,798 hours of unused vacation time.

NOTE 9 - DONOR RESTRICTED NET ASSETS:

As of December 31, 2019, donor restricted net assets are available for the following programs:

David and Lucille Packard Foundation:

Creating a Future Together	\$ 460,164
NOW LOVE	42,679
Global Early Adolescent Study	1,400,969
Improve Childhood and Family Outcomes	16,427

W. K. Kellogg Foundation:

Wellness Evaluation Community Action Network	219,399
Compassionate and Restorative Engagement	14,288
Health Birth Outcomes New Orleans	83,274

Annie E. Casey Foundation:

Family Centered Community Change	11,643
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The Grove Foundation:

Working to Institutionalize Sex Education	88,825
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Texas A&M University:

Itp3 Design Cadre	<u>27,344</u>
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Sub-total 2,365,012

INSTITUTE OF WOMEN & ETHNIC STUDIES
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 9 - DONOR RESTRICTED NET ASSETS, CONTINUED:

United Way of Greater New Orleans:	
Creating a Trauma Informed NOLA	\$ 32,163
Merck, Sharpe & Dohme Corporation:	
New Orleans Respectful Motherhood Initiative	453,299
ViiV Healthcare:	
Support for the Out of the Shadows Program	99,898
Foundation Chanel, Inc.:	
Safer Childbirth Cities Initiative	453,199
Rockefeller Philanthropic Advisors:	
Resilience Initiative	2,372
State Organization Leadership Academy Roundtable	3,670
Greater New Orleans Foundation:	
Creating A Truer Self	19,748
We Can 2 Supplement	8,675
Baptist Community Ministries:	
Trauma Informed Care	10,782
Innovation Next:	
Power to Decide	30,449
Other	<u>977</u>
Total	<u>\$3,480,244</u>

INSTITUTE OF WOMEN & ETHNIC STUDIES
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 10 - NET ASSETS RELEASED FROM RESTRICTIONS:

Net assets were released from donor restrictions during the year ended December 31, 2019 by incurring expenses satisfying purpose restrictions as follows:

David and Lucille Packard Foundation:	
Creating a Future Together	\$ 216,822
NOW LOVE	13,117
Improve Childhood and Family Outcomes	83,573
Global Early Adolescent Study	505,927
Annie E. Casey Foundation:	
Situational Analysis	9,000
Greater New Orleans Foundation:	
Creating a Truer Self	252
We Can 2 Supplement	11,325
Baptist Community Ministries:	
Truman Informed Care	39,218
W.K. Kellogg Foundation:	
Compassionate and Restoration Engagement	6,940
Wellness Evaluation Community Action	
Network	272,718
Health Birth Outcomes New Orleans	49,976
The Grove Foundation:	
Working to Institutionalize Sex Education	41,420
Louisiana Public Health:	
Trauma Informed School Learning Collaborative	1,400
Rockefeller Philanthropic Advisors:	
Resilience Initiative	12,628
State Organization Leadership Academy	
Roundtable	<u>1,330</u>
Sub-total	<u>1,265,646</u>

INSTITUTE OF WOMEN & ETHNIC STUDIES
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 10 - NET ASSETS RELEASED FROM RESTRICTIONS, CONTINUED:

ViiV Health Care:	
Support for the Out of the Shadows Program	\$ 102
Texas A& M University:	
Itp 3 Design Cadre	12,656
Innovation Next:	
Power to Decide	40,267
Foundation Channel, Inc.:	
Safer Childbirth Cities Initiative	46,801
Merck, Sharp & Dohme Corp.	
New Orleans Respectful Motherhood Initiative	46,701
United Way of Greater New Orleans:	
Creating a Trauma Informed NOLA	<u>8,302</u>
Total	<u>\$1,420,475</u>

NOTE 11 - GRANT REVENUE:

Grant revenue consisted of the following sources for the year ended December 31, 2019

<u>Federal Grants</u>	
U.S. Department of Health and Human Services:	
Office of Assistant Secretary of Health Centers for Disease Control	\$1,707,299
Centers for Disease Control	336,475
U.S. Department of Justice:	
Office for Victims of Crime	
Passed through: New Orleans Family Justice Center	<u>75,690</u>
Total federal grants	<u>\$2,119,464</u>

INSTITUTE OF WOMEN & ETHNIC STUDIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 - GRANT REVENUE, CONTINUED:

Private Grants

W.K. Kellogg Foundation	\$ 233,250
Louisiana Public Health Institute	1,400
Rockefeller Philanthropy Advisors	20,000
David & Lucille Packard Foundation	1,650,000
ViiV Healthcare	100,000
Greater New Orleans Foundation	40,000
The Grove Foundation	120,000
Baptist Community Ministries	50,000
Annie E. Casey Foundation	9,000
Texas A & M University	40,000
Power to Decide-Innovation Next	70,716
Foundation Channel, Inc.	500,000
Merck, Sharp & Dohme Corporation	500,000
United Way of Greater New Orleans	40,465
Other	<u>978</u>
 Total Private Grants	 <u>\$3,375,809</u>

NOTE 12 - AMOUNTS DUE TO GRANTOR:

During 2019, IWES received grant funds on behalf of others in an agency transaction. As required by FASB ASC 958-605, cash received from the donor was recognized as a liability to the beneficiaries until the termination of the grant period. Subsequent to the termination of the grant period any unexpended funds are due back to the grantor. At December 31, 2019, these funds are reported in the statement of financial position as Amounts Due to Grantor in the amount of the unexpended balance of \$11,248.

INSTITUTE OF WOMEN & ETHNIC STUDIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 13 - INVESTMENTS:

At December 31, 2019, IWES' investments consist of fixed income investments with fair value of \$554,060. Investments are presented on the financial statements at fair value. Carrying value is estimated to approximate fair value.

NOTE 14 - FAIR VALUE MEASUREMENTS:

Fair value of assets measured on a recurring basis at December 31, 2019 are as follows:

**FAIR VALUE MEASUREMENTS
AT REPORTING DATE USING**

	<u>Fair Value</u>	<u>Level I Inputs</u>
Fixed income securities	<u>\$554,060</u>	<u>\$554,060</u>
	<u>\$554,060</u>	<u>\$554,060</u>

Fair values for short-term and long-term investments are determined by quoted market prices and other relevant information generated by market transactions.

NOTE 15 - RETIREMENT PLAN:

IWES offers a 401(k) plan to all eligible employees. Full-time employees are eligible to participate in the elective deferral plan after 90 days of service. The plan is funded solely by employee contributions.

INSTITUTE OF WOMEN & ETHNIC STUDIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 16 - OPERATING LEASE:

IWES occupies office space under two (2) non-cancellable operating leases terminating on November 30, 2021 and November 30, 2024. The following is a schedule of future minimum lease payments under the above operating leases as of December 31, 2019:

<u>Year</u>	<u>Amount</u>
2020	\$173,364
2021	171,017
2022	145,200
2023	145,200
2024	<u>133,100</u>
Total	<u>\$767,881</u>

Rent expense was \$125,186 for the year ended December 31, 2019.

NOTE 17 - COMMITMENTS AND CONTINGENCIES:

IWES has entered into contractual arrangements with certain individuals to provide operational assistance, tutorial, self-development and recreational assistance. Such contracts are generally for six (6) to twelve (12) month periods.

IWES is a recipient of grants from federal government funds. These grants are governed by various federal government guidelines, regulations and contractual agreements. Also, **IWES** is a recipient of grants from private foundations and non-profit organizations.

INSTITUTE OF WOMEN & ETHNIC STUDIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 17 - COMMITMENTS AND CONTINGENCIES, CONTINUED:

The administration of the programs and activities funded by these grants is under the control and administration of IWES and is subject to audit and/or review by the applicable funding sources. Any grant or award funds found not to be properly spent in accordance with the terms, conditions and regulations of the funding sources may be subject to recapture.

NOTE 18 - DATE OF MANAGEMENT'S REVIEW:

IWES is required to evaluate events or transactions that may occur after the statement of financial position date for potential recognition or disclosure in the financial statements. Management has performed such an evaluation through March 1, 2021, the date the financial statements were available to be issued, and noted no subsequent events or transactions that occurred after the statement of financial position date requiring recognition or disclosure.

NOTE 19 - RELATED PARTIES:

Included salary expense of IWES are expenses representing amounts paid for the year ended December 31, 2019 to the spouse and daughter of IWES' Executive Director. The spouse and daughter of IWES' Executive Director are employed as Chief Impact Officer and Director of Media and Communications, respectively. Additionally, included in accounts payable are amounts due to the Chief Impact Officer.

NOTE 20 - RECENT ACCOUNTING PRONOUNCEMENTS:

In February 2016, the FASB issued ASU 2016-02, *Conforming Amendments Related to Leases*. This ASU amends the codification regarding leases in order to increase transparency and comparability. The ASU requires organizations to recognize lease assets and liabilities on the statement of financial position and disclose key information about leasing arrangements. A lessee would recognize a liability to make lease payments and a right-of-use asset representing its right to use the leased asset for the lease term. The ASU is effective for annual periods beginning after December 15, 2020. Early adoption is permitted. IWES is evaluating the impact of this Update on its financial statements.

INSTITUTE OF WOMEN & ETHNIC STUDIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 21 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The following reflects IWES's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts that are available for use within one year for general purposes include cash, investments and receivables.

Financial assets at year end	\$4,061,407
Less those unavailable for general expenditures within one year due to:	
Amounts due to grantor	11,248
Annual leave payable	129,945
Donor-restricted net assets	<u>3,480,244</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>439,970</u>

NOTE 22 - SUBSEQUENT EVENTS:

IWES' operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID 19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in an adverse impact on IWES' subsequent financial statements. Possible effects may include, but not limited to, disruption of IWES' operations and related revenue, unavailability of products and supplies used in operations and possible decline in assets held by IWES', including property and equipment.

SUPPLEMENTARY INFORMATION

INSTITUTE OF WOMEN & ETHNIC STUDIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

<u>Federal Grantor/Program Name</u>	<u>Federal CFDA/ Grant Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Health and Human Services</u>		
<i>Direct Awards</i>		
Public Health Service - Office of Assistant Secretary of Health (OASH) Office of Grants Management - Believe in Youth! Louisiana Teen Pregnancy Prevention Program	93.297	\$ 1,580,696
Centers for Disease Control and Prevention - Office of Financial Resources - Comprehensive High-Impact HIV Prevention Projects for Community-Based Organizations	93.989	336,475
Public Health Service - Office of Assistant Secretary of Health (OASH) Office of Grants Management - Preventing HIV Infection in Women through Expanded Intimate Partner Violence Prevention, Screening and Response Services Program	93.088	<u>126,603</u>
Total Direct Awards		<u>2,043,774</u>
Total U.S. Department of Health and Human Services		<u>2,043,774</u>

See Independent Auditors' Report on Supplementary Information.

INSTITUTE OF WOMEN & ETHNIC STUDIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

(CONTINUED)

<u>Federal Grantor/Program Name</u>	<u>Federal CFDA/ Grant Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Justice - Office of Victime of Crime</u>		
<i>Awards from a Pass-through Entity</i>		
Passed through: New Orleans Family Justice Center		
A Pathway to Justice, Healing and Hope: Addressing Polyvictimization in a Family Justice Center	OVC-2016-9376	\$ 69,440
Creating New Pathways of Hope and Healing for Polyvictims	OVC-2019-15643	<u>6,250</u>
Total Pass-through Awards		<u>75,690</u>
Total U.S. Department of Justice - Office of Victime of Crime		<u>75,690</u>
Total Expenditures of Federal Awards		<u>\$ 2,119,464</u>

NOTE: The accompanying Schedule of Expenditure of Federal Awards includes the federal grant activity of IWES under programs of the federal government for the year ended December 31, 2019 and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

See Independent Auditors' Report on Supplementary Information.

INSTITUTE OF WOMEN & ETHNIC STUDIES
SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED DECEMBER 31, 2019

Chief Executive Officer Name: Dr. Denise Shervington, MD, MPH, President/CEO

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 184,250
Benefits - insurance	2,899
Benefits - retirement	9,119
Benefits - parking	2,554
Car allowance	0
Vehicle provided by government	0
Per dium	0
Reimbursements	0
Travel	0
Registration fees	0
Conference travel	20,838
Continuing professional education fees	0
Housing	0
Unvouchered expenses	0
Special meals	0
	<hr/>
	\$ <u>219,660</u>

See Independent Auditors' Report on Supplementary Information.

**INDEPENDENT AUDITORS' 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**

To the Board of Directors
Institute of Women & Ethnic Studies
New Orleans, Louisiana

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 financial statements of the **Institute of Women & Ethnic Studies (IWES)** (a nonprofit 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 March 1, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered **IWES'** 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 **IWES'** internal control. Accordingly, we do not express an opinion on the effectiveness of **IWES'** internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and 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 have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002 to be material weaknesses.

**INDEPENDENT AUDITORS' 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
(CONTINUED)**

To the Board of Directors
Institute of Women & Ethnic Studies
New Orleans, Louisiana

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2019-003 through 2019-005 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether IWES' 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*.

IWES' Response to Findings

IWES' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. IWES' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**INDEPENDENT AUDITORS' 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
(CONTINUED)**

To the Board of Directors
Institute of Women & Ethnic Studies
New Orleans, Louisiana

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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

March 1, 2021

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
Institute of Women & Ethnic Studies
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the **Institute of Women & Ethnic Studies (IWES)** compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on **IWES'** major federal program for the year ended December 31, 2019. **IWES'** major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of **IWES'** major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **IWES'** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE
(CONTINUED)**

To the Board of Directors
Institute of Women & Ethnic Studies
New Orleans, Louisiana

Auditor's Responsibility, continued

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of IWES' compliance.

Opinion on Each Major Federal Program

In our opinion, IWES complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2019.

Report on Internal Control Over Compliance

Management of IWES is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered IWES' internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of IWES' internal control over compliance.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE
(CONTINUED)**

To the Board of Directors
Institute of Women & Ethnic Studies
New Orleans, Louisiana

Report on Internal Control Over Compliance, continued

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

March 1, 2021

INSTITUTE OF WOMEN & ETHNIC STUDIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Section I - SUMMARY OF AUDITORS' RESULTS

- A. Type of report issued on the financial statements: **Unmodified Opinion.**
- B. Significant deficiencies in internal control were disclosed by the audit of the financial statements: **Yes.** Material weaknesses: **Yes.**
- C. Noncompliance which is material to the financial statements: **No.**
- D. Significant deficiencies in internal control over major programs: **None.**
- E. Type pf report issued on compliance for major programs: **Unmodified Opinion.**
- F. Any audit findings which are required to be reported under *the Uniform Guidance*: **No.**
- G. Major program:

United States Department of Health and Human Services
CFDA No. 93.297 – Teen Pregnancy Prevention Program (TPPP)
- H. Dollar threshold used to distinguish between Type A and Type B programs: **\$750,000.**
- I. Auditee qualified as a low-risk auditee under the Uniform Guidance: **Yes.**
- J. Management letter issued: **Yes.**

INSTITUTE OF WOMEN & ETHNIC STUDIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019

**Section II – FINDINGS RELATING TO THE FINANCIAL STATEMENTS REPORTED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Finding Number: **2019-001**
Finding Type: **Internal Control**
Finding Title: **General Ledger Controls**
Finding Classification: **Material Weakness**
Resolution: **Unresolved**
Number of Years Reported: **One (1)**
Financial Impact: **≥ \$150,000**

Criteria

Management is responsible for establishing and maintaining internal control to achieve the objective of financial reporting. Controls must provide reasonable assurance that all transactions and balances that should have been reported have been included and that no unauthorized transactions or balances are included.

IWES' *Finance and Operations Manual* requires that **IWES'** internal control policies provide **IWES** with the foundation to properly safeguard its assets, provide compliance with state and federal laws and regulations and produce timely and accurate financial information.

Condition

During the course of performing our audit procedures, we noted material weaknesses on the internal controls related to **IWES'** ability to produce timely and accurate financial statements. During the course of our audit, we noted that various account balances were misstated and audit adjustments of materials amounts (amounts greater than \$150,000) were necessary to fairly state balances related to:

- Cash and cash equivalents (undeposited funds);
- Grants, accounts receivable, and promises to give;
- Funds held for others;
- Deferred revenue;
- Net assets; and
- Federal and private grant revenue

**INSTITUTE OF WOMEN & ETHNIC STUDIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Section II – FINDINGS RELATING TO THE FINANCIAL STATEMENTS REPORTED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Finding Number: **2019-001, continued**

Effect

At December 31, 2019 various account balances were misstated in the classifications as follows:

- Cash and cash equivalents - misstatement \$150,000;
- Grants and accounts receivable and promises to give - misstatement \$652,000;
- Funds held for others – misstatement \$148,000;
- Deferred revenue – misstatement \$131,000;
- Net assets – misstatement \$598,000; and
- Federal and private grant revenue – misstatement \$811,000

Cause

General ledger preparation, account reconciliations and financial reporting were the responsibility of the previous Chief Administrative Officer (CAO) who separated from IWES in the latter part of 2019. Prior to her separation it appeared that many accounting and financial reporting functions were not being performed on a timely basis.

Recommendation

We recommend that internal controls regarding timely and accurate financial information be strengthened to ensure accurate and timely financial reporting.

Management's Response and Planned Corrective Action

In June 2020 IWES hired a Finance Director with several years of nonprofit experience. The Finance Director understands the importance of timely and accurate financial statements. Monthly finance meetings are held with the Executive Leadership Team and quarterly with the Board of Directors.

INSTITUTE OF WOMEN & ETHNIC STUDIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019

**Section II – FINDINGS RELATING TO THE FINANCIAL STATEMENTS REPORTED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Finding Number: **2019-002**
Finding Type: **Internal Control**
Finding Title: **Revenue Recognition**
Finding Classification: **Material Weakness**
Resolution: **Unresolved**
Number of Years Reported: **One (1)**
Financial Impact: **≥ \$150,000**

Criteria

Management is responsible for establishing and maintaining internal control to achieve the objective of financial reporting. Controls must provide reasonable assurance that all transactions and balances that should have been reported have been included and that no unauthorized transactions or balances are included.

Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-605, *Revenue Recognition* requires that for revenue from grants structured as non-exchange transactions, the full amount of the award must be recognized as income in the period in which the legally enforceable pledge (such as an executed grant agreement) is received by the organization even if the donor has delayed payment or restricted the use of funds until a future period; no revenue may be deferred. As a result, contributions are recorded immediately either as an increase in net assets without donor restrictions or net assets with donor restrictions depending on the nature of the donor restrictions, if any.

Condition

During our audit we noted material weaknesses in the control over revenue recognition. IWES did not properly recognize promises to give related to contributions and grants structured as non-exchange transactions and material adjustments to private grant revenue and promises to give for the year ended December 31, 2019 were required.

INSTITUTE OF WOMEN & ETHNIC STUDIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019

**Section II – FINDINGS RELATING TO THE FINANCIAL STATEMENTS REPORTED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Finding Number: **2019-002, continued**

Effect

At December 31, 2019, contributions structured as non-exchange transactions were misstated by \$770,000.

Cause

General ledger preparation, account reconciliations and financial reporting was the responsibility of the previous Chief Administrative Officer (CAO) who separated from IWES in the latter part of 2019. Prior to her separation it appeared that many accounting and financial reporting functions were not being performed on a timely basis.

Recommendation

We recommend that IWES personnel with financial reporting responsibilities review FASB ASC 958-605 to properly address the treatment of income recognition for multi-period grants structured as non-exchange transactions.

Management's Response and Planned Corrective Action

IWES' newly hired Finance Director is familiar with the reporting responsibilities and transactions reporting. Under the guidance of the Chief Operating Officer and an experienced financial consultant, the Finance Director appropriately records transactions in the general ledger to accurately reflect promises to give and prepares accounting reconciliations timely.

INSTITUTE OF WOMEN & ETHNIC STUDIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019

**Section II – FINDINGS RELATING TO THE FINANCIAL STATEMENTS REPORTED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Finding Number: **2019-003**
Finding Type: **Internal Control**
Finding Title: **Budgetary Controls**
Finding Classification: **Significant Deficiency**
Resolution: **Unresolved**
Number of Years Reported: **One (1)**
Financial Impact: **≤ \$150,000**

Criteria

Pursuant to the requirements contained in IWES' *Finance and Operations Manual*, the Chief Administrative Officer in consultation with the President/CEO will prepare an annual operating budget of revenues and expenses for IWES. The budget is reviewed and approved annually, first by the President/CEO, then by the Finance Committee of the Board and finally by IWES' Board of Directors and modified as necessary with approval. Additionally, the budget is then used to run monthly Budget-to-Actual Expense Reports that are shared with the President/CEO.

Condition

Based on our inquiries, an annual operating budget of revenues and expenses was not prepared for the year ended December 31, 2019.

Effect

An annual budget was not prepared and budget-to-actual comparisons of budget-to-actual expense reports could not be prepared and reviewed.

Cause

Preparation of an annual budget was the responsibility of the previous CAO who separated from IWES in the latter part of 2019. Prior to her separation it appeared that many accounting, financial reporting and budgetary functions were not being performed on a timely basis.

**INSTITUTE OF WOMEN & ETHNIC STUDIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Section II – FINDINGS RELATING TO THE FINANCIAL STATEMENTS REPORTED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Finding Number: **2019-003, continued**

Recommendation

We recommend that an annual operating budget be prepared and monitored in accordance with established policies and procedures.

Management's Response and Planned Corrective Action

Management will focus its efforts to ensure that an annual operating budget of revenues and expenses will be prepared in accordance with established policies and procedures.

**INSTITUTE OF WOMEN & ETHNIC STUDIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Section II – FINDINGS RELATING TO THE FINANCIAL STATEMENTS REPORTED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Finding Number: **2019-004**
Finding Type: **Internal Control**
Finding Title: **Finance Committee Minutes**
Finding Classification: **Significant Deficiency**
Resolution: **Unresolved**
Number of Years Reported: **One (1)**
Financial Impact: **≤ \$150,000**

Criteria

Minutes of meetings of the Board of Directors and related Committees record the actions and decisions of the Board of Directors and related Committees. Minutes serve as an official legal record of nonprofit Board and Committees. Minutes offer legal protection, provide structure, drive action, acts and provide a measuring stick of action taken the affect the organization.

Condition

Minutes of the Finance Committee of the Board of Directors reviewed were more in the form of an agenda and did not address the nature of discussions held and actions taken by the Finance Committee.

Effect

We were unable to ascertain the nature of discussions and actions taken by the Finance Committee of the Board of Directors for the year ended December 31, 2019 in fulfilling their fiduciary responsibility to IWES.

**INSTITUTE OF WOMEN & ETHNIC STUDIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Section II – FINDINGS RELATING TO THE FINANCIAL STATEMENTS REPORTED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Finding Number: **2019-004, continued**

Cause

Maintenance of minutes of **IWES'** Finance Committee was the responsibility of the previous Chief Administrative Officer (CAO) who separated from **IWES** in the latter part of 2019. Prior to her separation, it appeared that many accounting, financial reporting, budgetary functions and other assigned duties were not being performed on a timely basis.

Recommendation

We recommend that minutes of meetings of **IWES'** Finance Committee be maintained and properly filed.

Management's Response and Planned Corrective Action

Management will ensure that Finance Committee minutes adequately addresses the nature of discussions held and actions taken by the Finance Committee.

**INSTITUTE OF WOMEN & ETHNIC STUDIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Section II – FINDINGS RELATING TO THE FINANCIAL STATEMENTS REPORTED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Finding Number: **2019-005**
Finding Type: **Internal Control**
Finding Title: **Year-End Financial Close-out**
Finding Classification: **Significant Deficiency**
Resolution: **Unresolved**
Number of Years Reported: **One (1)**
Financial Impact: **≤ \$150,000**

Criteria

Management of **IWES** is responsible for designing, implementing and maintaining proper and relevant control processes to ensure timeliness, accuracy and completeness in financial reporting, preparation and fair presentation of disclosures.

Absent an approved request for extension for submission of reports to the Louisiana Legislative Auditor (LLA), LSA-RS 24:513 (A)(5)(I) requires audit reports to be completed and submitted to the LLA within six months after year end.

Condition

We noted during our audit that **IWES'** 2019 financial close-out and reporting process was not timely completed until August of 2020. **IWES** was granted multiple extensions resulting from the disaster or emergency declared under the provisions of LRS 29:724(B)(1) due to the ongoing outbreak of the coronavirus disease 2019 (COVID 19) which was declared a pandemic by the World Health Organization in March 2020 to submit its report to the LLA.

However, factors such as staffing and inadequate general ledger controls, in addition to the COVID 19 pandemic, also contributed to the delays completing the year-end close-out and submission of reports to the LLA.

**INSTITUTE OF WOMEN & ETHNIC STUDIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Section II – FINDINGS RELATING TO THE FINANCIAL STATEMENTS REPORTED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Finding Number: 2019-005, continued

Effect

Financial information was not timely and accurately captured for the preparation of the December 31, 2019 financial statements and communicated to the management of IWES.

Cause

The finance department of IWES has experienced significant turnover during 2019 and subsequent thereto. As a result of the turnover, IWES experienced limited staffing capacity to facilitate a timely year end close-out.

Recommendation

We recommend that management establish a well-defined financial close-out and reporting process. The process and its key attributes (i.e. overall timing, format and frequency of analyses) should be formally documented, approved and reviewed on a regular basis.

Management's Response and Planned Corrective Action

IWES' Chief Operating Officer and Finance Director have implemented several controls to ensure the timeliness and accuracy of financial reports, including end of the year reports and fair disclosure of those reports. Weekly meetings are scheduled to resolve any outstanding transactions.

**INSTITUTE OF WOMEN & ETHNIC STUDIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

**SECTION III – FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL
AWARDS**

None Reported

INSTITUTE OF WOMEN & ETHNIC STUDIES
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2019

**Section I – FINDINGS RELATED TO THE FINANCIAL STATEMENTS REPORTED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

No matters reported.

**Section II – FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL
AWARDS**

No matters reported.

Section III – MANAGEMENT LETTER

No matters reported.

**INSTITUTE OF WOMEN & ETHNIC STUDIES
EXIT CONFERENCE**

The audit report was discussed during and at the conclusion of the audit. The individuals who participated in those discussions were as follows:

INSTITUTE OF WOMEN & ETHNIC STUDIES

Dr. Denese Shervington, MD, MPH	--	President and Chief Executive Officer
Ms. Zoe' Francis, PhD, MPH	--	Chief Operating Officer

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Alcide J. Tervalon, Jr., CPA	--	Managing Partner
Mr. Armand E. Pinkney	--	Manager

INDEPENDENT AUDITORS' COMMENT TO MANAGEMENT

To the Board of Directors
Institute of Women & Ethnic Studies
New Orleans, Louisiana

In planning and performing our audit of the financial statements of the **Institute of Women & Ethnic Studies (IWES)** as of and for the year ended December 31, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered **IWES'** internal control over financial reporting (internal control) as a basis for designing auditing 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 **IWES'** internal control. Accordingly, we do not express an opinion on the effectiveness of **IWES'** internal control.

However, during our audit we became aware of a certain deficiency in internal control other than significant deficiencies and material weaknesses and a matter that is an opportunity for strengthening internal controls and operating efficiency. The following summarizes our comment and recommendation regarding that matter.

Management Letter Comment: **2019-MLC-001**
Comment Type: **Internal Control**
Comment Title: **Written Policies and Procedures**
Comment Classification: **Management Letter Comment**
Resolution: **Unresolved**
Number of Years Reported: **One (1)**
Financial Impact: **≤ \$150,000**

Criteria

The Office of Management and Budget's (OMB) Uniform Guidance requires non-Federal entities to have certain written policies and procedures surrounding the management of their Federal awards. 2 CFR 200.303 requires non-Federal entities to maintain effective internal controls over Federal awards. The focus of these policies and procedures should be to ensure that those in **IWES** who carry out the objectives of the award understand (a) the Federal statutes, regulations and terms and conditions of the award; (b) how to evaluate and properly monitor compliance; and (c) the steps to take of noncompliance is identified.

INDEPENDENT AUDITORS' COMMENT TO MANAGEMENT
(CONTINUED)

To the Board of Directors
Institute of Women & Ethnic Studies
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Management Letter Comment: 2019-MLC-001, continued

Condition

During the course of the audit, we noted that while IWES does have a *Finance and Operations Manual*, those policies and procedures need to be updated for the requirements of the Uniform Guidance.

Effect

Existing written policy and procedures do not adequately address the requirements of the Uniform Guidance.

Cause

Management has not fully incorporated the requirements of the Uniform Guidance in its written policies and procedures.

Recommendation

We recommend that management update its existing policy and procedures manual for the requirements of the Uniform Guidance.

Management's Response and Planned Corrective Action

IWES' current Finance and Operations Manual is under review as the structure of the organization was changed in 2020.

INDEPENDENT AUDITORS' COMMENT TO MANAGEMENT
(CONTINUED)

To the Board of Directors
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A separate letter dated March 1, 2021 contains our communication of significant deficiencies and material weaknesses in IWES' internal control.) This letter does not affect our report dated March 1, 2021, on the financial statements of IWES.

We will review the status of this comments during our next audit engagement. We have already discussed this comment and recommendation with various IWES personnel, and we will be pleased to discuss it in further detail at your convenience, to perform any additional study of the matter or to assist you in implementing the recommendation.

This communication is intended solely for the information and use of management, the Board of Directors and others within IWES, and is not intended to be, and should not be, used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

March 1, 2021

INSTITUTE OF WOMEN & ETHNIC STUDIES
INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
FOR THE YEAR ENDED DECEMBER 31, 2019

Member

American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES**

To the Board of Directors of **Institute of Women & Ethnic Studies**
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by **Institute of Women & Ethnic Studies (IWES)** and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019. **IWES'** management is responsible for those control and compliance areas identified in the SAUPs.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

PROCEDURES AND FINDINGS

The procedures and associated findings are as follows:

Written Policies and Procedures

1. We obtained IWES' written policies and procedures to determine whether the written policies and procedures address each of the following financial/business functions, as applicable:

Procedures 1.a) through 1.h) were not performed for Year 3 for this AUP category as no exceptions were noted in this AUP category in Year 1 or Year 2.

Procedures 1.i) through 1.j) are not applicable.

- k) *Disaster Recovery/Business Continuity*, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

IWES written policies and procedures did not address *Disaster Recovery/Business Continuity*.

Management's Response

Management will incorporate all the Disaster Recovery/Business Continuity requirements in its written policies and procedures.

Board or Finance Committee

Procedures 2.a) through 2.b) were not performed for Year 3 for this AUP category as no exceptions were noted in this AUP category in Year 1 or Year 2.

Procedure 2.c) is not applicable.

INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)

Bank Reconciliations

3. We obtained a listing of client bank accounts from management and management's representation that the listing is complete. We asked management to identify the entity's main operating account. We selected the entity's main operating account and the other 3 bank accounts. We randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for each selected account and observed that:
- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Of IWES' four (4) bank accounts reviewed, one (1) account was not reconciled within 60 days.

Management's Response

IWES will ensure all bank accounts are reconciled within 2 months of the related statement closing date.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged);

No exceptions were noted

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

No exceptions were noted.

Cash Collections

4. We obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. IWES has only one deposit site.

No exceptions were noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

5. For the IWES deposit site, we obtained a listing of collection locations and management's representation that the listing is complete. IWES has only one collection location. We obtained and inspected written policies and procedures relating to employee job duties at each collection location and observed that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

No exceptions were noted.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

No exceptions were noted.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

No exceptions were noted.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

No exceptions were noted.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

No exceptions were noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

7. Randomly selected two deposit dates for each of the 4 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day) . Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 8 deposits and:

a) Observe that receipts are sequentially pre-numbered.

No exceptions were noted.

b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions were noted.

c) Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions were noted.

d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

No exceptions were noted.

e) Trace the actual deposit per the bank statement to the general ledger.

No exceptions were noted.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

Steps 8, 9 and 10 were not performed in Year 3 as IWES only had 1 exception for this AUP category in Year 2 as the Chief Administrative Officer is not prohibited from adding vendors, however we believe that the compensating control that she cannot authorize disbursements (i.e., sign checks) fully mitigates the underlying control risk.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Credit Cards/Debit Cards/Fuel Cards/P-Cards

Procedures 11, 12, and 13 were not performed for Year 3 as no exceptions were noted in Year 2 for this AUP category.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

Procedure 14 was not performed for Year 3 as no exceptions were noted in Year 1 or Year 2 for this AUP category.

Contracts

Procedure 15 was not performed for Year 3 as no exceptions were noted in Year 1 or Year 2 for this AUP category.

Payroll and Personnel

Steps 16, 17, 18 and 19 were not performed in Year 2 as IWES only had 1 exception for this AUP category in Year 1 as a temporary intern's contract had expired, however we believe that the compensating controls over this process fully mitigate the underlying control risk.

Ethics

Step 20 was not performed as this procedure is not applicable to non-profits.

Debt Service

Steps 21 and 22 were not performed as these procedures are not applicable to non-profits.

Other

Steps 23 and 24 were not performed for Year 2 as no exceptions were noted in Year 1 for this AUP category.

INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)

We were not engaged to, and did not, conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those control and compliance areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those control and compliance areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

March 1, 2021