

INSTITUTE OF WOMEN AND ETHNIC STUDIES

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

FOR THE YEAR ENDED DECEMBER 31, 2013

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT.....	1
STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2013	4
STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2013	5
STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2013.....	6
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2013.....	7
NOTES TO THE FINANCIAL STATEMENTS	8
SUPPLEMENTARY INFORMATION: Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2013	17

TABLE OF CONTENTS, CONTINUED

	<u>PAGE</u>
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 <i>GOVERNMENT AUDITING STANDARDS</i>	18
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	21
SCHEDULE OF FINDINGS AND QUESTIONED COSTS:	
Section I - Summary of Auditors' Results	25
Section II - Findings Relating to the Financial Statements Reported In Accordance with <i>Government Auditing Standards</i>	26
Section III - Findings and Questioned Costs Related to Federal Awards.....	26
SCHEDULE OF PRIOR YEAR FINDINGS	27
EXIT CONFERENCE.....	28



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Institute of Women and 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, 2013, 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.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors
Institute of Women and Ethnic Studies
Page 2

Auditors' Responsibility, Continued

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **IWES** as of December 31, 2013, 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 Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors
Institute of Women and Ethnic Studies
Page 3

Other Matters, Continued

required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2014, on our consideration of IWES'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 IWES's internal control over financial reporting and compliance.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

June 27, 2014

INSTITUTE OF WOMEN AND ETHNIC STUDIES
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2013

ASSETS

Cash (NOTES 2 and 4)	\$ 463,480
Accounts receivable	54,813
Unconditional promises to give (NOTE 5)	1,190,000
Other assets	17,717
Property and equipment, net (NOTES 2 and 6)	<u>63,550</u>
 Total assets	 <u>\$ 1,789,560</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable and accrued expenses	\$ 19,477
Accrued annual leave payable (NOTE 7)	30,922
Deferred revenue (NOTE 2)	<u>4,170</u>
 Total liabilities	 <u>54,569</u>
 Net Assets:	
Unrestricted (NOTE 2)	279,719
Temporarily restricted (NOTES 2 and 8)	<u>1,455,272</u>
 Total net assets	 <u>1,734,991</u>
 Total liabilities and net assets	 <u>\$ 1,789,560</u>

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

INSTITUTE OF WOMEN AND ETHNIC STUDIES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
SUPPORT AND REVENUES:			
Grants (NOTES 2 and 10)	\$ 843,994	\$ 1,274,700	\$ 2,118,694
Contract income (NOTE 2)	484,292	-0-	484,292
Contributions (NOTE 2)	286	-0-	286
Interest income	264	-0-	264
Other income	12,680	-0-	12,680
Net assets released from restrictions:			
Satisfaction of program restrictions (NOTE 9)	<u>477,798</u>	<u>(477,798)</u>	<u>-0-</u>
Total revenues	<u>1,819,314</u>	<u>796,902</u>	<u>2,616,216</u>
EXPENSES:			
Program services	1,665,291	-0-	1,665,291
Supporting services:			
Fundraising	68,738	-0-	68,738
Management and general	<u>78,356</u>	<u>-0-</u>	<u>78,356</u>
Total expenses	<u>1,812,385</u>	<u>-0-</u>	<u>1,812,385</u>
Change in net assets	<u>6,929</u>	<u>796,902</u>	<u>803,831</u>
Net assets, beginning of year	<u>272,790</u>	<u>658,370</u>	<u>931,160</u>
Net assets, end of year	<u>\$ 279,719</u>	<u>\$ 1,455,272</u>	<u>\$ 1,734,991</u>

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

INSTITUTE OF WOMEN AND ETHNIC STUDIES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

	Program Services	<u>Supporting Services</u>		Total
		<u>Fundraising</u>	<u>Management and General</u>	
Salaries and wages	\$ 1,053,791	\$ 34,000	\$ 38,750	\$ 1,126,541
Fringe benefits	187,043	18,314	20,872	226,229
Events and meetings	11,759	-0-	-0-	11,759
Occupancy	72,956	7,020	7,915	87,891
Supplies	47,742	4,594	5,180	57,516
Printing and reproduction	8,133	783	882	9,798
Insurance	18,346	-0-	-0-	18,346
Interest	-0-	-0-	199	199
Travel and conferences	106,388	-0-	19	106,407
Other	1,483	-0-	-0-	1,483
Telephone and internet	9,993	962	1,084	12,039
Depreciation	31,848	3,065	3,455	38,368
Postage and delivery	488	-0-	-0-	488
Stipends and incentives	57,712	-0-	-0-	57,712
Contractual services	51,432	-0-	-0-	51,432
Professional fees	<u>6,177</u>	<u>-0-</u>	<u>-0-</u>	<u>6,177</u>
Total expenses	<u>\$ 1,665,291</u>	<u>\$ 68,738</u>	<u>\$ 78,356</u>	<u>\$ 1,812,385</u>

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

INSTITUTE OF WOMEN AND ETHNIC STUDIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 803,831
Adjustments to reconcile change in net assets to net assets used in operating activities:	
Depreciation	38,368
Decrease in accounts receivable	15,107
Increase in unconditional promises to give	(840,000)
Increase in other assets	(10,063)
Decrease in deferred revenues	(93,813)
Increase in accounts payable and accrued expenses	16,957
Decrease in accrued annual leave payable	<u>(723)</u>
 Net cash used in operating activities	 <u>(70,336)</u>

CASH FLOWS FROM INVESTMENT ACTIVITIES:

Purchase of equipment	<u>(12,792)</u>
 Net cash used in investing activities	 <u>(12,792)</u>

Net decrease in cash	(83,128)
Cash at beginning of year	<u>546,608</u>
Cash at end of year	\$ <u><u>463,480</u></u>

Supplemental cash flow information:

Interest paid	\$ <u><u>199</u></u>
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The accompanying notes are an integral part of these financial statements.

INSTITUTE OF WOMEN AND ETHNIC STUDIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - NATURE OF OPERATIONS:

The **Institute of Women and Ethnic Studies (IWES)** was founded in 1993 in response to health disparities in women of color. **IWES** is a not-for-profit 501(c)(3) organization based in New Orleans, Louisiana. The mission of **IWES** is to improve the physical, mental, and spiritual health and quality of life of women of color and their families, especially those who are socio-economically disadvantaged.

IWES creates and implements culturally competent programs, activities, and research models for women and youth of color around the following issue areas:

- o HIV Prevention and Sexual Health - providing comprehensive sexual health education, HIV and teen pregnancy prevention education, advocacy and outreach using social media, peer education, and community engagement.
- o Mental Health and Community Wellness - engaging community members in activities and events focused on addressing emotional well-being, resiliency and overall psychological health.
- o Reproductive Justice and Sexual Health Advocacy - working with local and national organizations to ensure that the needs of underserved women and youth are addressed by policymakers.
- o Training and Research - collaborating with local and national organizations, public health leaders, educators and community activists to provide training and conduct community-based participatory research.

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Basis of Accounting, Continued

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

In accordance with the provisions of Financial Accounting Standards Board 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 three net asset categories which are unrestricted, temporarily restricted and permanently restricted net assets according to externally (donor) imposed restrictions.

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

- o Unrestricted net assets 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 Temporarily restricted net assets include realized gains and losses, investment income, and grants and contributions for which donor-imposed restrictions have not been met.
- o Permanently restricted net assets are 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. Such income is reflected in temporarily restricted net assets until utilized for donor-imposed restrictions.

At December 31, 2013, **IWES** did not have any permanently restricted net assets.

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

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

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 revenues from federal grants structured as exchange transactions are recognized when earned.

Grants (if considered nonexchange transactions) and contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any restrictions.

Restricted grants and contributions are reported as increases in temporarily or permanently restricted net assets, 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), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Deferred Revenues

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.

Functional Allocation of Expenses

The costs of providing **IWES**'s 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.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

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's** tax-exempt status be challenged in the future, **IWES's** 2011, 2012 and 2013 tax years are open for examination by the Internal Revenue Service.

NOTE 3 - ECONOMIC DEPENDENCY:

In 2013, approximately 32% of **IWES's** revenue was derived from direct, multi-year Federal awards from the U.S. Department of Health and Human Services and Centers for Disease Control and Prevention. In addition, 47% of **IWES's** revenue was received from private grants from the W.K. Kellogg Foundation. The continued success of **IWES** 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 two financial institutions. The FDIC provides up to \$250,000 of deposit insurance coverage per depositor per financial institution. At December 31, 2013, **IWES's** has unsecured deposits totaling \$156,498.

NOTE 5 - UNCONDITIONAL PROMISES TO GIVE:

At December 31, 2013, **IWES's** unconditional promises to give are as follows:

W.K. Kellogg Foundation:	
Collective for Healthy Community Project	\$ 350,000
We Can Project	800,000
Samueli Institute:	
New Orleans East Solutions in Synergy Project	<u>40,000</u>
	<u>\$ 1,190,000</u>

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

NOTE 5 - UNCONDITIONAL PROMISES TO GIVE, CONTINUED:

Unconditional promises to give are expected to be collected in the following periods:

Receivable in one (1) year or less	\$ 750,000
Receivable in one (1) to five (5) years	<u>440,000</u>
	<u>\$ 1,190,000</u>

NOTE 6 - PROPERTY AND EQUIPMENT:

As of December 31, 2013, property and equipment consist of the following:

Furniture and fixtures	\$ 43,122
Office equipment	<u>141,050</u>
Total property and equipment	184,172
Less: accumulated depreciation	<u>(120,622)</u>
Property and equipment, net	<u>\$ 63,550</u>

Depreciation expense for the year ended December 31, 2013 was \$38,368.

NOTE 7 - 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, 2013, accrued leave totaled \$30,922 and represented 1,059 hours of unused vacation time.

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

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS:

As of December 31, 2013, temporarily restricted net assets are available for the following purposes:

W.K. Kellogg Foundation:	
Collective for Healthy Community Project	\$ 340,433
Compassion Project	8,648
Organizational Development Project	26,756
We Can Project	1,016,334
Ford Foundation:	
Sexual and Reproductive Health Advocacy Project	6,101
Samueli Institute:	
New Orleans East Solutions in Synergy Project	38,408
Other	<u>18,592</u>
	<u>\$ 1,455,272</u>

NOTE 9 - NET ASSETS RELEASED FROM RESTRICTIONS:

Net assets were released from donor restrictions during the year ended December 31, 2013 by incurring expenses satisfying the purpose restrictions as follows:

W.K. Kellogg Foundation:	
Collective for Healthy Community Project	\$ 281,038
Compassion Project	11,352
Organizational Development Project	23,244
We Can Project	83,666
MS/NOLA Project	3,500
Ford Foundation:	
Sexual and Reproductive Health Advocacy Project	26,209
Samueli Institute:	
New Orleans East Solutions in Synergy Project	21,592
Other	<u>27,197</u>
	<u>\$ 477,798</u>

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

NOTE 10 - GRANT REVENUE:

Grant revenue consisted of the following for the year ended December 31, 2013:

Federal Grants

U.S. Department of Health and Human
Services:

Teen Pregnancy Prevention Program	\$ 604,922
Centers for Disease Control and Prevention:	
The HIV Prevention Projects for Community Based Organizations	<u>239,072</u>

Total federal grants 843,994

Private Grants

W.K. Kellogg Foundation:

Compassion Project	20,000
Organizational Development Project	50,000
We Can Project	1,100,000
MS/NOLA Project	3,500

Samueli Institute/Common Health Action:

New Orleans East Solutions in Synergy Project	60,000
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National Institute for Reproductive Health:

Local Policy Initiative	25,000
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AIDS United:

Southern Reach Initiative	15,000
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Other	<u>1,200</u>
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Total private grants 1,274,700

Total grants \$ 2,118,694

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

NOTE 11 - OPERATING LEASE:

IWES occupies office space under a non-cancellable operating lease terminating on June 30, 2017. The following is a schedule of future minimum lease payments under the above operating lease as of December 31, 2013:

<u>Year</u>	<u>Amount</u>
2014	\$ 79,807
2015	79,807
2016	79,807
2017	<u>39,903</u>
Total	\$ <u>279,324</u>

Rent expense was \$79,807 for 2013.

NOTE 12 - 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.

NOTE 13 - 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 state and federal government funds. These grants are governed by various federal and state government guidelines, regulations and contractual agreements. Also, **IWES** is a recipient of grants from private foundations and non-profit organizations.

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

NOTE 13 - 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 14 - SUBSEQUENT EVENTS:

Management has evaluated subsequent events through June 27, 2014, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

INSTITUTE OF WOMEN AND ETHNIC STUDIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013

<u>Federal Grantor/Program Name</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditure</u>
<u>U.S. Department of Health and Human Services</u>		
<i><u>Direct Awards</u></i>		
Teen Pregnancy Prevention Program (TPPP)	93.297	\$ <u>583,138</u>
Total Direct Awards		<u>583,138</u>
 <u>Centers for Disease Control and Prevention</u>		
<i><u>Direct Awards</u></i>		
The HIV Prevention Projects for Community Based Organizations	93.943	<u>236,923</u>
Total Direct Awards		<u>236,923</u>
Total Amount of Expenditures of Federal Awards		<u>\$ 820,061</u>

NOTE: The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of IWES under programs of the federal government for the year ended December 31, 2013 and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See the 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 of
Institute of Women and Ethnic Studies
New Orleans, Louisiana

We have audited, 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, the financial statements of the **Institute of Women and Ethnic Studies (IWES)** (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 27, 2014.

Internal Control over Financial Reporting

In planning and performing our audit, we considered **IWES's** internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **IWES's** internal control. Accordingly, we do not express an opinion on the effectiveness of **IWES's** internal control.

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)

Internal Control over Financial Reporting, Continued

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether IWES's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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)

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 IWES's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering IWES's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of IWES's management, the Board of Directors, the Louisiana Legislative Auditor, federal and state awarding agencies, and private contributors, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

June 27, 2014

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited the compliance of the **Institute of Women and Ethnic Studies (IWES)** with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on **IWES's** major federal program for the year ended December 31, 2013. **IWES's** major federal program is identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for **IWES's** major federal program 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

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133

(CONTINUED)

Auditors' Responsibility, Continued

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on a 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, 2013.

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's 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 OMB Circular A-133, 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's internal control over compliance.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133

(CONTINUED)

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 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133
(CONTINUED)

This report is intended solely for the information and use of IWES's management, the Board of Directors, the Louisiana Legislative Auditor, federal and state awarding agencies, and private contributors, and is not intended to be and should not be used by anyone other than these specified parties. 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

June 27, 2014

INSTITUTE OF WOMEN AND ETHNIC STUDIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013

Section I - SUMMARY OF AUDITORS' RESULTS

- A. The 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: **No.** Material weakness: **No.**
- C. Noncompliance which is material to the financial statements: **No.**
- D. Significant deficiencies in internal control over major programs: **No.** Material weaknesses: **No.**
- E. The type of report issued on compliance for major programs: **Unmodified Opinion.**
- F. Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133: **No.**
- G. Major programs:
 - United States Department of Health and Human Services
 - Teen Pregnancy Prevention Program (TPPP)
 - (CFDA No. 93.297)
- H. Dollar threshold used to distinguish between Type A and Type B programs: **\$300,000.**
- I. Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: **No.**
- J. A management letter issued: **No.**

INSTITUTE OF WOMEN AND ETHNIC STUDIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2013

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

None reported.

**Section III - FINDINGS AND QUESTIONED COSTS
RELATED TO FEDERAL AWARDS**

None reported.

INSTITUTE OF WOMEN AND ETHNIC STUDIES
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2013

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

2012-01 – Ineffective Controls Over Financial Reporting

Condition

During our testing of revenue, we noted that **IWES** miscalculated contract income, federal grant income and related receivables and deferred revenue as of and for the year ending December 31, 2013.

In addition, at December 31, 2012, **IWES** has a \$350,000 promise to give receivable from the W.K. Kellogg Foundation. As part of the year end closing process, **IWES** posted a journal entry to record the effect of the outstanding promise to give on unrestricted net assets and temporarily restricted net assets; however, **IWES** had not actually recorded the promise to give and corresponding grant income.

Recommendation

We recommend that **IWES** design and implement policies and procedures to capture revenue and receivable on an accrual basis (i.e., as they are billed and/or earned) for posting to the general ledger each month. For example, when an invoice is prepared and sent to a funding source, a journal entry should also be recorded in the general ledger to record the revenue and receivable at the time of invoicing.

We also recommend that **IWES** review FASB ASC 958-605 and revise its fiscal policies to properly address the treatment of unspent balances of restricted grants, and to include the treatment of income recognition from multi-period grants structured as non-exchange transactions.

Status

Resolved.

INSTITUTE OF WOMEN AND ETHNIC STUDIES

EXIT CONFERENCE

An exit conference was held with members of management to discuss the audit report. The individuals who participated in the discussion were as follows:

INSTITUTE OF WOMEN AND ETHNIC STUDIES

Dr. Denese Shervington, MD, MPH	--	Chief Executive Officer
Mrs. Rheneisha Robertson, MPH	--	Executive Director
Ms. Maisha Joshua	--	Finance Director

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Alcide J. Tervalon, Jr., CPA	--	Managing Partner
Ms. Sherina C. Lewis, CPA	--	Manager
Ms. Kesha L. Briscoe	--	Staff Accountant