

INSTITUTE OF WOMEN AND ETHNIC STUDIES

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

FOR THE YEAR ENDED DECEMBER 31, 2017

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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, 2017 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
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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, 2017, 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.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors
Institute of Women and Ethnic Studies
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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 (CFR)* 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 and Ethnic Studies
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2018, 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 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' internal control over financial reporting and compliance.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

June 6, 2018

INSTITUTE OF WOMEN AND ETHNIC STUDIES
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

ASSETS

Cash (NOTES 2 and 4)	\$1,901,340
Restricted cash (NOTE 11)	33,462
Investments (NOTES 12 and 13)	453,741
Contract receivables	30,138
Federal grants receivable (NOTE 5)	128,734
Unconditional promises to give (NOTE 6)	1,072,000
Prepaid expenses	1,435
Other assets	<u>12,204</u>
 Total assets	 <u>\$3,633,054</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable and accrued expenses	\$ 46,363
Accrued annual leave payable (NOTE 7)	51,303
Funds held on behalf of others (NOTE 11)	<u>33,462</u>
 Total liabilities	 <u>131,128</u>
 Net Assets:	
Unrestricted (NOTE 2)	318,312
Temporarily restricted (NOTES 2 and 8)	<u>3,183,614</u>
 Total net assets	 <u>3,501,926</u>
 Total liabilities and net assets	 <u>\$3,633,054</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, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUES			
Federal grants (NOTES 2 and 10)	\$1,668,134	\$ -0-	\$1,668,134
Private grants (NOTES 2 and 10)	-0-	2,867,000	2,867,000
Contributions (NOTE 2)	12,071	-0-	12,071
Contract income	123,650	-0-	123,650
Other income	10,878	-0-	10,878
Net assets released from restrictions: Satisfaction of program restrictions (NOTE 9)	<u>1,305,454</u>	<u>(1,305,454)</u>	<u>-0-</u>
Total revenues	<u>3,120,187</u>	<u>1,561,546</u>	<u>4,681,733</u>
EXPENSES			
Program services	2,660,614	-0-	2,660,614
Supporting services:			
Fundraising	181,985	-0-	181,985
Management and general	<u>271,359</u>	<u>-0-</u>	<u>271,359</u>
Total expenses	<u>3,113,958</u>	<u>-0-</u>	<u>3,113,958</u>
Change in net assets	6,229	1,561,546	1,567,775
Net assets, beginning of year	<u>312,083</u>	<u>1,622,068</u>	<u>1,934,151</u>
Net assets, end of year	<u>\$ 318,312</u>	<u>\$ 3,183,614</u>	<u>\$3,501,926</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, 2017

	Program <u>Services</u>	<u>SUPPORTING SERVICES</u>		<u>Total</u>
		<u>Fundraising</u>	<u>Management and General</u>	
Salaries and wages	\$1,658,111	\$125,322	\$144,604	\$1,928,037
Fringe benefits	328,856	24,855	28,679	382,390
Program events and meetings	7,520	-0-	-0-	7,520
Occupancy	91,270	6,898	7,960	102,128
Supplies	106,209	8,031	9,310	123,550
Printing and reproduction	1,738	579	-0-	2,317
Insurance	-0-	-0-	7,949	7,949
Membership dues	-0-	-0-	1,100	1,100
Staff travel and conferences	164,849	12,460	14,376	191,685
Purchased services	20,134	1,522	1,756	23,412
Telephone and internet	30,665	2,318	2,674	35,657
Stipends and incentives	42,944	-0-	-0-	42,944
Contractual services	208,318	-0-	25,747	234,065
Auditing fees	-0-	-0-	23,650	23,650
Miscellaneous	<u>-0-</u>	<u>-0-</u>	<u>3,554</u>	<u>3,554</u>
 Total expenses	 <u>\$2,660,614</u>	 <u>\$181,985</u>	 <u>\$271,359</u>	 <u>\$3,113,958</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, 2017

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$1,567,775
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Increase in investments	(3,741)
Increase in contracts receivable	(20,138)
Decrease in grants receivable	288,262
Increase in unconditional promises to give	(347,000)
Decrease in prepaid expenses	21,008
Increase in other assets	(6,562)
Increase in accounts payable and accrued expenses	15,685
Increase in accrued annual leave payable	22,777
Decrease in funds held for others	<u>(1,528)</u>
Net cash provided by operating activities	<u>1,536,538</u>
Net increase in cash and restricted cash	1,536,538
Cash and restricted cash at beginning of year	<u>398,264</u>
Cash and restricted cash at end of year	<u>\$1,934,802</u>

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:

Founded in 1993, **the Institute of Women and 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 AND ETHNIC STUDIES
NOTES TO THE FINANCIAL STATEMENTS

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

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.

INSTITUTE OF WOMEN AND ETHNIC STUDIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

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, 2017, **IWES** did not have any permanently restricted net assets.

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.

INSTITUTE OF WOMEN AND ETHNIC STUDIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Revenue Recognition

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

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 unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any restrictions.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted 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 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 AND ETHNIC STUDIES
NOTES TO THE FINANCIAL STATEMENTS

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.

Advertising

IWES expenses advertising costs as incurred. Advertising costs were \$15,548 for the year ended December 31, 2017 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, 2017, **IWES** had no cash equivalents.

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'** 2015, 2016 and 2017 tax years are open for examination by the Internal Revenue Service.

INSTITUTE OF WOMEN AND ETHNIC STUDIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 - ECONOMIC DEPENDENCY:

In 2017, approximately 27% of IWES' revenue was derived from a direct, multi-year federal award from the U.S. Department of Health and Human Services. In addition, approximately 28% of IWES' revenue was derived from a grant from the David and Lucille Packard Foundation and approximately 26% of revenue was derived from a grant from the W.K. Kellogg Foundation. 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, 2017, IWES' had \$1,404,039 of unsecured deposits.

NOTE 5 - FEDERAL GRANTS RECEIVABLE:

At December 31, 2017, federal grants receivable consist of the following:

U.S. Department of Health and Human Services:	
Office of Adolescent Health	\$ 99,586
Centers for Disease Control and Prevention	<u>29,148</u>
	<u>\$128,734</u>

INSTITUTE OF WOMEN AND ETHNIC STUDIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 - UNCONDITIONAL PROMISES TO GIVE:

At December 31, 2017, **IWES'** unconditional promises to give are as follows:

W.K. Kellogg Foundation	\$ 950,000
Baptist Community Ministries	30,000
Annie E. Casey Foundation	62,000
Greater New Orleans Foundation	<u>30,000</u>
	<u>\$1,072,000</u>

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

Receivable in less than one (1) year	\$ 672,000
Receivable in one (1) to three (3) years	<u>400,000</u>
	<u>\$1,072,000</u>

Approximately 89% of total receivables are due from the W.K. Kellogg Foundation.

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, 2017, accrued leave totaled approximately \$51,303 and represented 1,186 hours of unused vacation time.

INSTITUTE OF WOMEN AND ETHNIC STUDIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS:

As of December 31, 2017, temporarily restricted net assets are available for the following programs:

David and Lucille Packard Foundation:	
Creating a Future Together	\$1,749,107
NOW LOVE	29,383
Talent Management and Leadership Development	19,756
W.K. Kellogg Foundation:	
Collective for Healthy Community	42,219
Creating Our Own Lens	63,820
Wellness Evaluation Community Action Network	1,008,259
Compassionate and Restorative Engagement	99,322
Annie E. Casey Foundation:	
Family Centered Community Change	62,000
The Grove Foundation:	
Working to Institutionalize Sex Education	49,748
Greater New Orleans Foundation:	
Believe in Youth! LA Monthly Workshop Studies	30,000
Baptist Community Ministries:	
Youth and Adolescent Care Coordination	<u>30,000</u>
	<u>\$3,183,614</u>

INSTITUTE OF WOMEN AND ETHNIC STUDIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 - NET ASSETS RELEASED FROM RESTRICTIONS:

Net assets were released from donor restrictions during the year ended December 31, 2017 by incurring expenses satisfying purpose restrictions as follows:

Advocates for Youth:	
Cultural Advocacy and Mobilization Initiative	\$ 20,924
David and Lucille Packard Foundation:	
Creating a Future Together	245,334
NOW LOVE	20,617
Talent Management and Leadership Development	20,244
W.K. Kellogg Foundation	
Collective for Healthy Community	307,801
Compassionate and Restoration Engagement	192,445
Wellness Evaluation Community Action Network	236,135
Creating Our Own Lens	176,702
The Grove Foundation:	
Working to Institutionalize Sex Education	10,252
Foundation to Promote Open Society	<u>75,000</u>
	<u>\$1,305,454</u>

INSTITUTE OF WOMEN AND ETHNIC STUDIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 - GRANT REVENUE:

Grant revenue consisted of the following sources for the year ended December 31, 2017:

Federal Grants

U.S. Department of Health and Human
Services:

Office of Adolescent Health	\$1,265,491
Centers for Disease Control	360,980

U.S. Department of Justice:

Office for Victims of Crime	
Passed through: New Orleans Family Justice Center	<u>41,664</u>

Total federal grants	<u>\$1,668,134</u>
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Private Grants

Advocates for Youth	\$ 20,000
David and Lucille Packard Foundation:	1,390,000
W. K. Kellogg Foundation	1,200,000
Baptist Community Ministries	30,000
Foundation to Support Open Society	75,000
Greater New Orleans Foundation	30,000
Annie E. Casey Foundation	62,000
The Grove Foundation	<u>60,000</u>

Total private grants	<u>\$2,867,000</u>
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INSTITUTE OF WOMEN AND ETHNIC STUDIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 - RESTRICTED CASH AND FUNDS HELD FOR OTHERS:

During 2017, **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. At December 31, 2017, these funds are reported in the statement of financial position as both Restricted Cash and Funds Held for Others in the amount of the unexpended balance of \$33,462.

NOTE 12 - INVESTMENTS:

At December 31, 2017, **IWES'** investments consist of money market funds with fair value of \$229,056 and one (1) certificate of deposit with a cost basis of \$225,000 and fair value of \$224,685 maturing March 29, 2018. Investments are presented on the financial statements at fair value. Carrying value is estimated to approximate fair value.

NOTE 13 - FAIR VALUE MEASUREMENTS:

Fair value of assets measured on a recurring basis at December 31, 2017 are as follows:

	<u>Fair Value</u>	<u>FAIR VALUE MEASUREMENTS AT REPORTING DATE USING Level I Inputs</u>
Certificate of deposit	\$224,685	\$224,685
Money market funds	<u>229,056</u>	<u>229,056</u>
	<u>\$453,741</u>	<u>\$453,741</u>

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

INSTITUTE OF WOMEN AND ETHNIC STUDIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 14 - 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 15 - OPERATING LEASE:

IWES occupies office space under a non-cancellable operating lease terminating on December 31, 2020. The following is a schedule of future minimum lease payments under the above operating lease as of December 31, 2017:

<u>Year</u>	<u>Amount</u>
2018	\$105,793
2019	100,758
2020	<u>35,724</u>
Total	<u>\$242,275</u>

Rent expense was \$80,127 for the year ended December 31, 2017.

NOTE 16 - 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 AND ETHNIC STUDIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 16 - 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 17 - 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 June 6, 2018, 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 18 - 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, 2019. Early adoption is permitted. **IWES** is evaluating the impact of this Update on its financial statements.

INSTITUTE OF WOMEN AND ETHNIC STUDIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 18 - RECENT ACCOUNTING PRONOUNCEMENTS, CONTINUED:

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*, which significantly changes the presentation requirements for financial statements of not-for-profit entities. The amendments are intended to improve the guidance on net asset classification as well as the information presented in the financial statements and notes regarding liquidity, financial performance and cash flows for not-for-profit entities. The ASU is effective for annual periods beginning after December 15, 2017. Early application is permitted. **IWES** is currently evaluating the impact of this Update on its financial statements.

SUPPLEMENTARY INFORMATION

INSTITUTE OF WOMEN AND ETHNIC STUDIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>Federal Grantor/Program Name</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Health and Human Services</u>		
<i>Direct Awards</i>		
Office of Adolescent Health:		
Teen Pregnancy Prevention Program	93.297	\$1,265,490
Centers for Disease Control and Prevention:		
The HIV Prevention Projects for Community-Based Organizations	93.939	<u>360,980</u>
Total Direct Awards		<u>1,626,470</u>
Total U.S. Department of Health and Human Services		<u>1,626,470</u>
<u>U.S. Department of Justice (Office of Victims 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	<u>41,664</u>
Total Pass-through Awards		<u>41,664</u>
Total U.S. Department of Justice - Office of Victims of Crime		<u>41,664</u>
Total Expenditures of Federal Awards		<u>\$1,668,134</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, 2017 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 the 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, 2017

Chief Executive Officer Name: Dr. Denese Shervington, MD, MPH

<u>Purpose</u>	<u>Amount</u>
Salary	\$183,750
Benefits - insurance	7,018
Benefits - retirement	10,548
Benefits - office parking	2,121
Car allowance	-0-
Vehicle provided by government	-0-
Per diem	-0-
Reimbursements	1,056
Travel	-0-
Registration fees	-0-
Conference travel	14,390
Continuing professional education fees	-0-
Housing	-0-
Unvouchered expenses	-0-
Special meals	<u>-0-</u>
	<u>\$218,883</u>

See the Independent Auditors' Report on Supplementary Information.

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Society of Louisiana
Certified Public Accountants

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

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, 2017, 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 6, 2018.

Internal Control over Financial Reporting

In planning and performing our audit, 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.

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' 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' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering IWES' 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' 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 6, 2018



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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 of
Institute of Women and Ethnic Studies
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the **Institute of Women and 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 each of **IWES'** major federal program for the year ended December 31, 2017. **IWES'** 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.

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

(CONTINUED)

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for IWES' 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 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.

We believe that our audit provides a reasonable basis for our opinion on compliance for IWES' major federal program. However, our audit does not provide a legal determination of IWES' 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, 2017.

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

(CONTINUED)

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.

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.

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

(CONTINUED)

Report on Internal Control Over Compliance, Continued

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.

This report is intended solely for the information and use of IWES' 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 6, 2018

INSTITUTE OF WOMEN AND ETHNIC STUDIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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: **None Reported.** Material weakness: **No.**
- C. Noncompliance which is material to the financial statements: **No.**
- D. Significant deficiencies in internal control over major programs: **None Reported.** 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 *the Uniform Guidance*: **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: **\$750,000.**
- I. Auditee qualified as a low-risk auditee under *the Uniform Guidance*: **Yes.**
- 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, 2017

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, 2017

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 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 -- President & Chief Executive Officer
Mrs. Keeanya E. Chenier, MPA -- Chief Administrative Officer

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Alcide J. Tervalon, Jr., CPA -- Managing Partner
Mrs. Sherina Clavier, CPA -- Manager

INSTITUTE OF WOMEN & ETHNIC STUDIES
INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
FOR THE YEAR ENDED DECEMBER 31, 2017



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Society of Louisiana
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**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, 2017 through December 31, 2017. **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:

- a) Budgeting, including preparing, adopting, monitoring, and amending the budget.

No exceptions were noted.

- b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

IWES' purchasing policy does not address how vendors are added to the vendor list.

Management's Response

IWES will include a line in the revised Fiscal Policies and Procedures Manual (FPPM) that states "New vendors will be added to QuickBooks by the Administrative Manager upon receipt of an approved Purchase Request or Check Request."

- c) Disbursements, including processing, reviewing, and approving.

No exceptions were noted.

- d) Receipts, including receiving, recording, and preparing deposits.

No exceptions were noted.

- e) Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

No exceptions were noted.

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

- f) Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

IWES' contracting policy does not address legal review.

Management's Response

IWES will add a note in the FPPM stating that contracts exceeding \$250,000 will be submitted to legal counsel for review.

- g) Credit Cards, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.

No exceptions were noted.

- h) Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

No exceptions were noted.

- i) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

This procedure is not applicable.

- j) Debt Service, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

This procedure is not applicable.

Board (or Finance Committee, if applicable)

2. We obtained and reviewed the Board/Finance Committee minutes for the fiscal period to determine whether:

- a) the Board met (with a quorum) at least monthly, or on a frequency in accordance with the Board's enabling legislation, charter, or other equivalent document.

No exceptions were noted.

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

- b) the Board minutes referenced or included monthly budget-to-actual comparisons on IWES' general fund, and if the budget-to-actual comparisons showed that management was deficit spending during the fiscal period, there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

Board minutes did not make reference to or include budget-to-actual comparisons.

Management's Response

IWES will ensure future minutes will reference budget and actuals were discussed.

- c) the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

No exceptions were noted.

Bank Reconciliations

3. We obtained a listing of client bank accounts from management and management's representation that the listing is complete.

No exceptions were noted.

4. From the listing provided by management, we selected all four of IWES' bank accounts and obtained bank statements and reconciliations for all months in the fiscal period to determine whether:

- a) Bank reconciliations have been prepared;

Of IWES' four (4) bank accounts reviewed, one (1) account was not reconciled for four (4) months; however, we noted the account had no activity during the four (4) months that were not reconciled.

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

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) have reviewed each bank reconciliation;

We noted that it is IWES' practice to package all bank reconciliations together and for the reviewer to sign off on the top page of the first reconciliation. For the four (4) accounts reviewed, we noted management's review was only documented on the first page of the bank reconciliation package.

Management's Response

All reconciled accounts are reviewed monthly and each individual reconciliation report will be initialed.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

No exceptions were noted.

Cash Collections

5. We obtained a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

No exceptions were noted.

6. From the listing provided by management, we selected IWES' only cash collection location and:

- a) Obtained existing written documentation (e.g. insurance policy, policy manual, job description) to determine whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

We noted IWES' insurance coverage did not include a fidelity bond for employees handling cash. The person who collects cash is not responsible for depositing cash, recording the transaction or reconciling accounts. IWES does not use cash registers or drawers.

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

Management's Response

IWES currently has officer liability insurance in place and is in the process of establishing a crime/theft policy.

- b) Obtained existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) to determine whether IWES has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

No exceptions were noted.

- c) Selected the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
- 1) Using entity collection documentation, deposit slips, and bank statements, traced daily collections to the deposit date on the corresponding bank statement to determine whether the deposits were made within one day of collection.

We noted that cash collected during the week of April 24, 2017 was deposited between two (2) and four (4) days after receipt. IWES' policy states all checks must be deposited as soon as possible after receipt, and IWES' practice is to make deposits weekly. As a compensating control, cash receipts are held in a locked safe until deposited.

- 2) Using sequentially numbered receipts, system reports, or other related collection documentation, verified that daily cash collections are completely supported by documentation.

No exceptions were noted.

7. We obtained existing written documentation (e.g. policy manual, written procedure) to determine whether IWES has a process specifically defined (identified as such by IWES) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

No exceptions were noted.

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

Disbursements – General (excluding credit card purchases or payments)

8. We obtained IWES' consolidated check register for the year ended December 31, 2017 and filtered for purchases only. We obtained management's representation that the consolidated check register population was complete.

No exceptions were noted.

9. Using the disbursement population from #8 above, we randomly selected 25 disbursements, excluding credit card/debit card/fuel card/P-card purchases or payments. We obtained supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction to determine whether:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

No exceptions were noted.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

No exceptions were noted.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; (2) a receiving report showing receipt of goods purchased, or electronic equivalent; and (3) an approved invoice.

No exceptions were noted.

10. We reviewed IWES' documentation (e.g. electronic system control documentation, policy manual, written procedure) to determine whether the person responsible for processing payments is prohibited from adding vendors to IWES' purchasing/disbursement system.

We noted that the Chief Administrative Officer is responsible for processing payments, and although she is not responsible for adding vendors, she is not prohibited from doing so. However, as a compensating control the Chief Administrative Officer cannot authorize disbursements (i.e., sign checks).

Management's Response

IWES will add the following to the FPPM that states "The CAO is prohibited from adding vendors to QuickBooks."

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

11. We reviewed IWES' documentation (e.g. electronic system control documentation, policy manual, written procedure) to determine whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

None of the authorized check signers are prohibited from initiating purchases since the purchase requisition process is manual; however, the authorized check signers do not have access to process accounts payable.

Management's Response

IWES will add the following to the FPPM that states "Program Directors are prohibited from initiating purchases."

12. We inquired of management and observed the supply of unused checks to determine whether unused checks are maintained in a locked location, with access restricted to those persons that do not have signatory authority.

No exceptions were noted.

13. We inquired of the individual with a signature stamp whether his or her signature is maintained under his or her control or is used only with his or her knowledge and consent. We also inquired whether signed checks are likewise maintained under the control of the signer or authorized user until mailed.

IWES does not use a signature stamp. No exceptions were noted with regard to control over signed checks.

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

14. We obtained from management a listing of all active credit cards, bank debit cards, fuel cards and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards and we obtained management's representation that the listing is complete.

No exceptions were noted.

15. Using the listing prepared by management, we randomly selected two (2) of the six (6) cards that were used during the fiscal period and obtained the monthly statements. We selected the monthly statement with the largest dollar activity for each card to determine whether:

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

- a) there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

No exceptions were noted.

- b) finance charges and/or late fees were assessed on the selected statements.

No exceptions were noted.

16. Using the monthly statements selected under #15 above, we obtained supporting documentation for all transactions for each of the two cards selected.

- a) We reviewed each transaction to determine whether the transaction is supported by:

- 1) An original itemized receipt (i.e., identifies precisely what was purchased)

No exceptions were noted.

- 2) Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

No exceptions were noted.

- 3) Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

No exceptions were noted.

- b) For each transaction, we reviewed the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) for compliance with IWES' written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes).

No exceptions were noted.

- c) For each transaction, we compared IWES' documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed).

No exceptions were noted.

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

Travel and Expense Reimbursement

17. We obtained the consolidated check register for the year ended December 31, 2017 and filtered for travel reimbursements. We obtained management's representation that the consolidated check register population is complete.

No exceptions were noted.

18. We obtained IWES' written policies related to travel and expense reimbursements and compared the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) to determine whether there are any amounts that exceed GSA rates.

No exceptions were noted.

19. Using the transactions from #17 above, we selected the three persons who incurred the most travel costs during the fiscal period. We obtained the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and chose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

a) We compared expense documentation to written policies to determine whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging).

No exceptions were noted.

b) We determined whether each expense is supported by:

1) An original itemized receipt that identifies precisely what was purchased.

No exceptions were noted.

2) Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

No exceptions were noted.

3) Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).

No exceptions were noted.

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

- c) We compared IWES' documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value.

No exceptions were noted.

- d) We determined whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions were noted.

Contracts

20. We obtained a listing of all contracts in effect during the fiscal period and obtained the consolidated check register for the year ended December 31, 2017 and filtered for contract payments. We obtained management's representation that the consolidated check register population is complete.

No exceptions were noted.

21. Using the listing above, we selected the five contract vendors that were paid the most money during the fiscal period, including the transportation contract and excluding purchases on state contract and payments to the practitioner. We obtained the related contracts and paid invoices and:

- a) We determined whether there is a formal/written contract that supports the services arrangement and the amount paid.

No exceptions were noted.

- b) We compared each contract's detail to the Louisiana Public Bid Law or Procurement Code to determine whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- 1) If yes, we obtained and compared supporting contract documentation to legal requirements to determine whether IWES complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).

This procedure is not applicable; none of the contracts were subject to Louisiana Public Bid Law or Procurement Code.

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- 2) If no, we obtained supporting contract documentation to determine whether IWES solicited quotes as a best practice.

The selected contracts were with sole source vendors, for which management provided written justification for the selection of contractors.

- c) We determined whether the contract was amended, and if so, we determined whether the original contract terms contemplated or provided for such an amendment.

No exceptions were noted.

- d) We selected the largest payment from each of the five contracts, obtained the supporting invoice, and compared the invoice to the contract terms, to determine whether the invoice and related payment complied with the terms and conditions of the contract.

No exceptions were noted.

- e) We obtained and reviewed contract documentation and board minutes to determine whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

This procedure is not applicable; Board approval of the contracts reviewed is not required by policy or law.

Payroll and Personnel

22. We obtained a listing of employees (and elected officials, if applicable) with their related salaries. We randomly selected the five employees, obtained their personnel files, and:

- a) Reviewed compensation paid to each employee during the fiscal period to determine whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

We noted one (1) of the five (5) employees selected did not have a current employment contract in his personnel file as the previous contract had expired.

Management's Response

There are currently controls in place to ensure all files are reviewed and updated on a regular basis. Management will ensure this anomaly will be mitigated by dedicating additional effort to personnel file review. It should be noted that the employee wasn't over compensated nor were there any other issues within his file.

**INDEPENDENT ACCOUNTANTS' REPORT
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- b) Reviewed changes made to hourly pay rates/salaries during the fiscal period to determine whether those changes were approved in writing and in accordance with written policy.

No exceptions were noted.

- 23. We obtained attendance and leave records and randomly selected one pay period in which leave was taken by at least one employee. Within that pay period, we randomly selected 25 employees to determine whether:

- a) all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

No exceptions were noted.

- b) there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees.

No exceptions were noted.

- c) there is written documentation that IWES maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees that earn leave.

No exceptions were noted.

- 24. We obtained from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. We selected the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtained the personnel files for the two employees. We reviewed the termination payments to determine whether they were made in strict accordance with policy and/or contract and approved by management.

No exceptions were noted.

- 25. We obtained supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period to determine whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

No exceptions were noted.

INDEPENDENT ACCOUNTANTS' REPORT
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(CONTINUED)

Ethics

26. Using the five randomly selected employees from procedure #22 under "Payroll and Personnel" above, we obtained ethics compliance documentation from management to determine whether IWES maintained documentation to demonstrate that required ethics training was completed. We also reviewed the employee files for the employees selected to determine whether there was a signed verification of having read the ethics policy included in the file.

This procedure is not applicable to non-profits.

27. We inquired of management whether any alleged ethics violations were reported to IWES during the fiscal period and, if applicable, reviewed documentation demonstrating that management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with IWES' ethics policy.

This procedure is not applicable to non-profits.

Debt Service

28. If debt was issued during the fiscal period, we obtained supporting documentation from IWES to determine whether State Bond Commission approval was obtained.

This procedure is not applicable to non-profits.

29. If IWES had outstanding debt during the fiscal period, we obtained supporting documentation from IWES and report whether IWES made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

This procedure is not applicable to non-profits.

30. If IWES had tax millages relating to debt service, obtained supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

This procedure is not applicable to non-profits.

**INDEPENDENT ACCOUNTANTS' REPORT
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Other

31. We inquired of management whether IWES had any misappropriations of public funds or assets. If so, we obtained and reviewed supporting documentation to determine whether IWES reported the misappropriation to the Louisiana Legislative Auditor.

No misappropriations of public funds or assets were reported during the period.

32. We observed IWES' premises and website to determine whether IWES posted the notice required by R.S. 24:523.1.

No exceptions noted.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

No exceptions were noted.

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**

June 6, 2018