

**World Affairs Council of  
Greater Houston**

**Financial Statements**

**December 31, 2023**

World Affairs Council of Greater Houston

December 31, 2023

Table of Contents

	<u>Page(s)</u>
Independent Auditors' Report .....	1-2
Statements of Assets, Liabilities and Net Assets – Modified Cash Basis .....	3
Statements of Support, Revenue and Expenses – Modified Cash Basis .....	4
Notes to Financial Statements.....	5-10



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
World Affairs Council of Greater Houston

### Opinion

We have audited the accompanying financial statements of the World Affairs Council of Greater Houston (a nonprofit organization) (the "Council"), which comprise the statements of assets, liabilities and net assets - modified cash basis, as of December 31, 2023 and 2022, and the related statements of support, revenue and expenses - modified cash basis, for the years then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of the Council as of December 31, 2023 and 2022, and its support, revenue, and expenses for the years then ended in accordance with the modified cash basis of accounting as described in Note 1.

### Basis for Opinion

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

### Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for a reasonable period of time.

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

*Pannell Kerr Forster of Texas, P.C.*

August 20, 2024

## World Affairs Council of Greater Houston

## Statements of Assets, Liabilities and Net Assets – Modified Cash Basis

	December 31,	
	2023	2022
<b>Assets</b>		
Cash and cash equivalents	\$ 494,161	\$ 1,226,890
Certificates of deposit	1,227,147	262,162
Property and equipment, net	<u>41,751</u>	<u>910</u>
Total assets	<u>\$ 1,763,059</u>	<u>\$ 1,489,962</u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Credit card liability	\$ 41,698	\$ 14,834
Payroll liabilities	<u>5,459</u>	<u>10,076</u>
Total liabilities	<u>47,157</u>	<u>24,910</u>
Net assets		
Without donor restrictions	1,646,673	1,465,052
With donor restrictions	<u>69,229</u>	<u>-</u>
Total net assets	<u>1,715,902</u>	<u>1,465,052</u>
Total liabilities and net assets	<u>\$ 1,763,059</u>	<u>\$ 1,489,962</u>

*See notes to financial statements.*

## World Affairs Council of Greater Houston

## Statements of Support, Revenue and Expenses – Modified Cash Basis

	Year Ended December 31,	
	2023	2022
Changes in net assets without donor restrictions		
Support and revenue		
Annual benefit	\$ 810,151	\$ 579,391
Membership income	369,762	277,864
Membership travel	299,909	293,057
In-kind donation	123,945	127,225
Program income	199,071	161,964
Education income	271,056	6,830
Grants and contributions	10,000	50,000
Interest income	21,353	4,441
Other income, net	28,921	18,597
Total support and revenue	<u>2,134,168</u>	<u>1,519,369</u>
Net assets released from restrictions	15,771	-
Total support and revenue	<u>2,149,939</u>	<u>1,519,369</u>
Expenses		
Program event expenses	214,960	145,512
Travel expenses	226,800	211,417
Annual benefit expenses	119,821	92,873
Payroll expenses	984,876	859,829
Bank and credit card fees	24,516	22,830
Marketing and development	149,824	142,639
Occupancy	98,452	90,260
Information technology	51,386	24,671
Dues and subscriptions	8,279	6,280
Insurance	16,955	21,858
Office supplies and equipment	21,634	16,002
Postage and printing	4,292	5,494
Training and conferences	375	1,333
Other expenses	13,138	6,126
Scholarships	6,137	-
Professional fees	26,873	23,847
Total expenses	<u>1,968,318</u>	<u>1,670,971</u>
Change in net assets without donor restrictions	181,621	(151,602)
Changes in net assets with donor restrictions		
Contributions	85,000	-
Net assets released from restrictions	(15,771)	-
Changes in net assets with donor restrictions	<u>69,229</u>	<u>-</u>
Increase (decrease) in net assets	250,850	(151,602)
Net assets, beginning of year	<u>1,465,052</u>	<u>1,616,654</u>
Net assets, end of year	\$ <u>1,715,902</u>	\$ <u>1,465,052</u>

See notes to financial statements.

## World Affairs Council of Greater Houston

## Notes to Financial Statements

December 31, 2023

**Note 1 - Organization and Summary of Significant Accounting Policies**Organization

The World Affairs Council of Greater Houston (the "Council") was established in 1990 as a Texas non-profit corporation to educate and present educational programs on world affairs and foreign policy. The mission of the Council is to promote better understanding of the world (people, politics, economies and cultures), by enabling citizens to participate more effectively in the global community. The Council pursues this mission through the following activities:

- Building a network of globally-minded citizens and business, civic, and government leaders;
- Hosting lectures on global issues to bring policy makers and opinion leaders to Houston;
- Encouraging thoughtful discussion of the international issues and the events that shape our times;
- Supporting the work of international organizations and academic institutions throughout the Houston area; and
- Bringing Houston's voice into international policy discussion.

Council programs provide access to senior foreign government officials as well as top level policy makers, distinguished authorities and noted commentators. Through a broad range of educational lectures by noted speakers, the Council's programs help put current events into perspective, fostering a broad public understanding of world affairs and the international events that affect everyone. Moreover, the Council's educational outreach program brings speakers to area high schools and provides teacher-training seminars. In addition, the Council offers international travel to small groups, exploring different locations built on their travelers' geopolitical interests.

Basis of presentation

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America ("GAAP"). Under this basis, revenues are recognized when cash is received, and expenses are generally recorded when paid. Liabilities are recorded for credit card charges when those charges are incurred and for payroll liabilities when the related salaries and wages are paid. This basis differs from GAAP primarily because the Council has not recorded balances and the related effects on changes of net assets of promises to give, accounts receivable, contract assets, contract liabilities, accounts payable and other accrued liabilities.

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Council and changes therein are classified into two categories of net assets, as applicable, and reported as follows:

Net assets without donor restrictions - net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors.

## World Affairs Council of Greater Houston

## Notes to Financial Statements

December 31, 2023

**Note 1 - Organization and Summary of Significant Accounting Policies (Continued)**Basis of presentation (continued)

Net assets with donor restrictions - net assets subject to donor-imposed stipulations that specify a use for a contributed asset. When a purpose restriction or a time restriction ends, net assets with donor restrictions are released to net assets without donor restrictions and reported in the accompanying statements of support, revenues and expenses. Net assets with donor restrictions at December 31, 2023 are restricted for the Model United Nations program.

Cash and cash equivalents

The Council considers all unrestricted highly-liquid investments with original maturities of three months or less when purchased to be cash equivalents.

Donated materials and services

The Council records the value of donated materials or services when there is an objective basis available to measure their value. Donated materials or services are included in the accompanying statement of assets, liabilities and net assets – modified cash basis at their estimated values at date of receipt. The Council received advertising from an organization for fundraising efforts and travel vouchers from an organization for the Council's travel program. A number of volunteers donated amounts of their time to the Council's program services, but no amounts have been reflected in the statements of support, revenue, and expenses – modified cash basis, as they do not meet the requirements to record. The Council did not monetize any contributed nonfinancial assets.

Donated nonfinancial assets were as follows for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Travel certificates	\$ 16,425	\$ 11,060
Advertising	<u>107,520</u>	<u>116,165</u>
	<u>\$ 123,945</u>	<u>\$ 127,225</u>

Property and equipment

Purchased property and equipment are stated at cost, and donated assets are recorded at fair value at the date of donation. Such donations are reported as increases in net assets without restrictions unless the donor has restricted the donated asset to a specific purpose. Major additions and improvements are capitalized, while maintenance and repairs are expensed as incurred. When assets are sold or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts. Any gain or loss arising from such disposition is included as income or expense in the year of disposition.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated lives for computing depreciation on office equipment is three to seven years.



## World Affairs Council of Greater Houston

## Notes to Financial Statements

December 31, 2023

**Note 1 - Organization and Summary of Significant Accounting Policies (Continued)**Federal income tax status

The Council is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code (the "Code"), except on net income derived from unrelated business activities as defined in the Code. Accordingly, the Council files as a tax-exempt organization.

The Council recognizes the impact of an uncertain tax position only if the position is "more-likely-than-not" of being sustained if the position were to be challenged by a taxing authority. The preparation of the Council's various tax returns requires the use of estimates for federal and state income tax purposes. These estimates may be subjected to review by the respective taxing authorities. A revision, if any, to an estimate may result in an assessment of additional taxes, penalties and interest. At this time, a range in which the estimates may change is not quantifiable, and a change, if any, is not expected to be material. The Council accounts for interest and penalties relating to uncertain tax positions in the current period statement of support, revenues and expenses – modified cash basis, as necessary; however, there are currently no uncertain tax positions.

Contributions

Contributions received are recorded without restrictions or with restrictions depending on the existence or nature of any donor-imposed restrictions. Net assets with restrictions are reclassified to net assets without restrictions upon the passage of time or satisfaction of the restrictions. Donor restricted contributions in which the restrictions are met in the same year as received are recorded as contributions without restrictions in the accompanying statements of support, revenues and expenses – modified cash basis.

Conditional contributions have a barrier to overcome and include a right of return, and are not included as support until the contribution has become unconditional. At December 31, 2023 and 2022, the Council had conditional contributions of \$0 and \$25,000, respectively, which consisted of travel vouchers that are conditional until utilized.

Functional expenses

The Council allocates expenses on a functional basis among various programs and supporting activities. Expenses that can be identified with a specific program and supporting activity are allocated directly according to their natural expenditure classifications. Other expenses are common to several functions are allocated based on various methods, including square footage and percent of time dedicated to each function.

## World Affairs Council of Greater Houston

## Notes to Financial Statements

December 31, 2023

**Note 1 - Organization and Summary of Significant Accounting Policies (Continued)**Cash concentration and credit risk

Financial instruments that potentially subject the Council to credit risk include cash and cash equivalents and certificates of deposit. The Council maintains cash accounts primarily in federally insured financial institutions. Certificates of deposit are held with brokerage firms insured by Securities Investor Protection Corporation. From time to time the balances of these accounts exceed the federally insured limits; however, no losses have been incurred in connection with such cash balances and certificates of deposit.

Use of estimates

The preparation of the financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than GAAP requires management to make certain assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Management believes its estimates are reasonable.

**Note 2 - Property and Equipment, Net**

Property and equipment at December 31, is as follows:

	<u>2023</u>	<u>2022</u>
Office equipment	\$ 47,233	\$ 11,543
Less: accumulated depreciation	<u>(5,482)</u>	<u>(10,633)</u>
Total property and equipment, net	<u>\$ 41,751</u>	<u>\$ 910</u>

Depreciation expense of \$1,929 and \$0 was recorded for the years ended December 31, 2023 and 2022, respectively.

**Note 3 - Leases**

The Council had a non-cancellable lease for office space that expired in August 2022. The Council entered into a new lease agreement for a different office space that commenced in September 2022 and ends in October 2025. Total rent expense was \$98,452 and \$90,260 for the years ended December 31, 2023 and 2022, respectively.

The future minimum lease payments under non-cancelable operating leases are as follows:

<u>Year Ending December 31,</u>	
2024	\$ 64,854
2025	<u>55,644</u>
	<u>\$ 120,498</u>

## World Affairs Council of Greater Houston

## Notes to Financial Statements

December 31, 2023

**Note 4 - Functional Expense Allocation**

The allocation of the Council's costs to provide and maintain its various programs, as well as provide the necessary supportive services, is as follows for the year ended December 31, 2023:

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Program event expenses	\$ 214,960	\$ -	\$ -	\$ 214,960
Travel programs	226,800	-	-	226,800
Annual benefit	-	-	119,821	119,821
Marketing and development	86,934	36,237	26,653	149,824
Office expense and other	61,362	26,102	17,780	105,244
Insurance	10,490	3,725	2,740	16,955
Information technology	41,975	5,423	3,988	51,386
Occupancy	50,673	27,530	20,249	98,452
Payroll expenses	586,044	229,806	169,026	984,876
	<u>\$1,279,238</u>	<u>\$ 328,823</u>	<u>\$ 360,257</u>	<u>\$1,968,318</u>

The allocation of the Council's costs to provide and maintain its various programs, as well as provide the necessary supportive services, is as follows for the year ended December 31, 2022:

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Program event expenses	\$ 145,512	\$ -	\$ -	\$ 145,512
Travel programs	211,417	-	-	211,417
Annual benefit	-	-	92,873	92,873
Marketing and development	124,544	9,544	8,551	142,639
Office expense and other	47,426	18,190	16,296	81,912
Insurance	11,878	5,264	4,716	21,858
Information technology	13,407	5,941	5,323	24,671
Occupancy	49,052	21,735	19,473	90,260
Payroll expenses	466,639	207,387	185,803	859,829
	<u>\$1,069,875</u>	<u>\$ 268,061</u>	<u>\$ 333,035</u>	<u>\$1,670,971</u>

## World Affairs Council of Greater Houston

## Notes to Financial Statements

December 31, 2023

**Note 5 - Liquidity and Availability of Resources**

As part of the Council's liquidity management, sufficient assets are on hand to cover up to six months of general expenditures. The Council's financial assets available for general expenditure within one year at December 31, 2023 and 2022 includes cash and cash equivalents of \$494,161 and \$1,226,890, respectively. To help manage unanticipated liquidity needs, the Council places certain amounts of excess cash in certificates of deposit with terms ranging from 6 to 24 months. These amounts are available for use as the certificates of deposit mature, with Board of Directors' approval. Certificates of deposit were \$1,227,147 and \$262,162 as of December 31, 2023 and 2022, respectively, of which \$1,227,147 and \$262,162 mature by December 31, 2024 and December 31, 2023, respectively.

The Council manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

**Note 6 - Retirement Plan**

Employees of the Council are eligible for participation in a defined contribution retirement plan designed in accordance with Internal Revenue Code Section 403(b)(9). The plan was established for employees, and the Council matches 3% of employee contributions for full-time employees who have completed at least one year of service and are at least age 21. The Council contributed \$21,508 and \$16,257 to the plan during the years ended December 31, 2023 and 2022, respectively.

**Note 7 - Subsequent Events**

Management has evaluated subsequent events through August 20, 2024, which was the date the financial statements were available to be issued, and has determined that there are no subsequent events to be reported.



August 20, 2024

To the Board of Directors and Audit Committee of  
World Affairs Council of Greater Houston

We have audited the financial statements of World Affairs Council of Greater Houston (the "Council") for the year ended December 31, 2023 and have issued our report thereon dated August 20, 2024. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 1, 2024. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Findings**

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Council are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2023. We noted no transactions entered into by the Council during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements was management's allocation of expenses by function and management's estimate of depreciable lives.

Management's estimates of the above items is based on its best estimates at the time these financial statements were issued. We evaluated the key factors and assumptions used to develop this estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole. The attached schedule (Exhibit I) summarizes the misstatements detected during the audit and corrected by management.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the attached management representation letter dated August 20, 2024.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Council's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the information and use of the Board Members and Audit Committee of the Council and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Pannell Kerr Forster of Texas, P.C.*

**Exhibit 1 – Audit Adjustments**

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 1</b>			
To rollforward Net Assets			
31000	Retained Earnings	896.00	
46200	Other Miscellaneous Revenue		896.00
<b>Total</b>		<b><u>896.00</u></b>	<b><u>896.00</u></b>
<b>Adjusting Journal Entries JE # 2</b>			
To true up United In-Kind donations			
62201	Programs Expense:PRG- Evening Programs:PRG- Evening Program Speaker Cost	9,975.00	
71500	Employee Expenses:EMP- Travel, Gas & Parking Expenses	5,100.00	
40015	Membership & Donations:Unrestricted Sponsorship:In-Kind Sponsorship		15,075.00
<b>Total</b>		<b><u>15,075.00</u></b>	<b><u>15,075.00</u></b>
<b>Adjusting Journal Entries JE # 3</b>			
To recognize disposals made in CY23			
17000	Accumulated Depreciation	7,080.00	
15000	Property and Equipment		7,080.00
<b>Total</b>		<b><u>7,080.00</u></b>	<b><u>7,080.00</u></b>
<b>Adjusting Journal Entries JE # 4</b>			
To record depreciation for CY23			
70963	Depreciation Expense	1,929.00	
17000	Accumulated Depreciation		1,929.00
<b>Total</b>		<b><u>1,929.00</u></b>	<b><u>1,929.00</u></b>
<b>Adjusting Journal Entries JE # 5</b>			
To reclass revenues from unrestricted to restricted			
41300	Education income:ED-Program Sponsorship	85,000.00	
PKF1	Restricted Contributions		85,000.00
<b>Total</b>		<b><u>85,000.00</u></b>	<b><u>85,000.00</u></b>

August 20, 2024

Pannell Kerr Forster of Texas, P.C.  
5847 San Felipe, Suite 2600  
Houston, Texas 77057

This representation letter is provided in connection with your audit of the financial statements of World Affairs Council of Greater Houston (the "Council") which comprise the statements of assets, liabilities and net assets – modified cash basis as of December 31, 2023 and 2022, and the related statements of support, revenue and expenses – modified cash basis, for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with the modified cash basis of accounting.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of August 20, 2024, the following representations made to you during your audits.

**Financial Statements**

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 1, 2024 including our responsibility for the preparation and fair presentation of the financial statements in accordance with modified cash basis of accounting.
- 2) The financial statements referred to above are fairly presented in conformity with the modified cash basis of accounting, as described in Note 1 to the financial statements.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP.



- 6) Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of the modified cash basis of accounting.
- 7) All events subsequent to the date of the financial statements and for which requires adjustment or disclosure have been adjusted or disclosed.
- 8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with the modified cash basis of accounting.
- 9) Guarantees, whether written or oral, under which the Council is contingently liable, have been properly recorded or disclosed in accordance with the modified cash basis of accounting.
- 10) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.

#### **Information Provided**

- 11) We have provided you with:
  - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
  - b) Additional information that you have requested from us for the purpose of the audit.
  - c) Unrestricted access to persons within the Council from whom you determined it necessary to obtain audit evidence.
  - d) Minutes of the meetings of the board of directors and executive committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - a) Management,
  - b) Employees who have significant roles in internal control, or
  - c) Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, grantors, regulators, or others.

- 16) We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
- 17) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with the modified cash basis of accounting, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 18) We have disclosed to you the names of all of the Council's related parties and all the related party relationships and transactions, including any side agreements.
- 19) The Council has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 20) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.
- 21) The Council is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Council's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.
- 22) The costs of providing various programs and other activities, functional expenses, have been estimated by management and are in compliance with the the modified cash basis of accounting.
- 23) You have disclosed to us any instances of contributed services, if any and they are properly recorded and disclosed in the financial statements.
- 24) We have evaluated contributions received by the Council and properly reported any restricted amounts in the financial statements.

*Maryanne Maldonado*

Maryanne Maldonado  
CEO

*David Dennis*

David Dennis  
Finance Manager