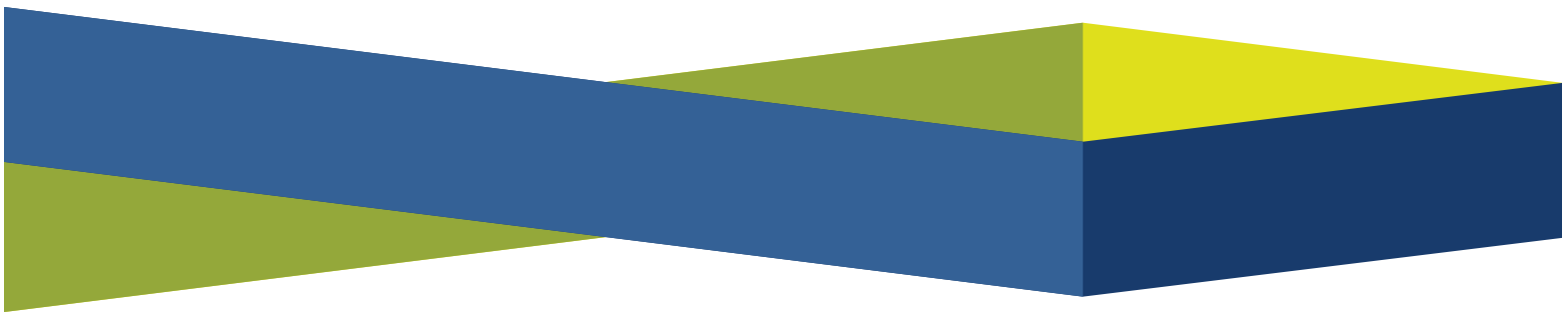


CENTER FOR WOMEN & ENTERPRISE, INC.

FINANCIAL STATEMENTS AND REPORTS REQUIRED FOR
AUDITS IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS AND THE UNIFORM GUIDANCE

DECEMBER 31, 2018



CENTER FOR WOMEN & ENTERPRISE, INC.

**FINANCIAL STATEMENTS AND REPORTS REQUIRED FOR
AUDITS IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS AND THE UNIFORM GUIDANCE**

DECEMBER 31, 2018

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Independent Auditor's Report

To the Board of Directors
Center for Women & Enterprise, Inc.

Report on Financial Statements

We have audited the accompanying financial statements of Center for Women & Enterprise, Inc., which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the organization'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 organization'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 Center for Women & Enterprise, Inc. as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and notes on pages 17 and 18 are presented for purposes of additional analysis and are 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 Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2019 on our consideration of Center for Women & Enterprise, Inc.’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Center for Women & Enterprise, Inc.’s 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 Center for Women & Enterprise, Inc.’s internal control over financial reporting and compliance.

Di Ciccio, Hulman + Company LLP

Boston, Massachusetts
June 28, 2019

CENTER FOR WOMEN & ENTERPRISE, INC.

STATEMENTS OF FINANCIAL POSITION

December 31,	2018	2017
ASSETS		
Current assets:		
Cash	\$ 412,346	9,424
Restricted cash	21,651	6,469
Accounts receivable, government grants	297,884	260,924
Pledges receivable, current portion	325,569	604,947
Microloans receivable, net, current portion	41,203	41,001
Prepaid expenses and other current assets	21,684	20,821
Total current assets	1,120,337	943,586
Equipment and improvements, net	131,004	144,952
Other assets:		
Pledges receivable, net of current portion	170,500	192,500
Microloans receivable, net of current portion	84,674	73,907
Deposits	37,197	37,197
Total assets	\$ 1,543,712	\$ 1,392,142
LIABILITIES AND NET ASSETS		
Current liabilities:		
Lines of credit	\$ 674,338	\$ 599,638
Note payable, bank, current portion	15,214	21,388
Notes payable, related parties	150,000	-
Accounts payable and accrued expenses	294,822	252,359
Deferred revenue	7,500	-
Total current liabilities	1,141,874	873,385
Long-term liabilities:		
Note payable, bank, net of current portion	-	15,090
Deferred rent	19,887	24,840
Note payable, other	150,000	112,500
Total liabilities	1,311,761	1,025,815
Commitments and contingencies		
Net assets:		
Without donor restrictions	(351,070)	(310,869)
With donor restrictions	583,021	677,196
Total net assets	231,951	366,327
Total liabilities and net assets	\$ 1,543,712	\$ 1,392,142

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

CENTER FOR WOMEN & ENTERPRISE, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Program revenue:						
Government contracts and grants	\$ 1,335,498	\$ -	\$ 1,335,498	\$ 1,170,024	\$ -	\$ 1,170,024
Program services	378,282	-	378,282	307,785	-	307,785
Net program revenue	<u>1,713,780</u>	<u>-</u>	<u>1,713,780</u>	<u>1,477,809</u>	<u>-</u>	<u>1,477,809</u>
Other support and revenue:						
Foundation grants	232,224	183,000	415,224	107,737	303,083	410,820
Corporate gifts and sponsorships	306,542	21,500	328,042	230,258	29,500	259,758
Individual gifts and contributions	114,240	118,436	232,676	128,767	251,113	379,880
Donated goods and services	132,229	-	132,229	97,749	-	97,749
Fundraising and special events	238,894	79,500	318,394	293,447	93,500	386,947
Total other support and revenue	<u>1,024,129</u>	<u>402,436</u>	<u>1,426,565</u>	<u>857,958</u>	<u>677,196</u>	<u>1,535,154</u>
Net assets released from restriction	<u>496,611</u>	<u>(496,611)</u>	<u>-</u>	<u>612,500</u>	<u>(612,500)</u>	<u>-</u>
Total support and revenue	<u>3,234,520</u>	<u>(94,175)</u>	<u>3,140,345</u>	<u>2,948,267</u>	<u>64,696</u>	<u>3,012,963</u>
Functional expenses:						
Program services	2,404,692	-	2,404,692	2,285,502	-	2,285,502
Management and general	294,038	-	294,038	310,400	-	310,400
Fundraising	575,991	-	575,991	412,313	-	412,313
Total functional expenses	<u>3,274,721</u>	<u>-</u>	<u>3,274,721</u>	<u>3,008,215</u>	<u>-</u>	<u>3,008,215</u>
Change in net assets	(40,201)	(94,175)	(134,376)	(59,948)	64,696	4,748
Net assets, beginning of year	(310,869)	677,196	366,327	(250,921)	612,500	361,579
Net assets, end of year	\$ (351,070)	\$ 583,021	\$ 231,951	\$ (310,869)	\$ 677,196	\$ 366,327

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

CENTER FOR WOMEN & ENTERPRISE, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018				2017			
	Program Services	Support Services		Total	Program Services	Support Services		Total
		Management and General	Fundraising			Management and General	Fundraising	
Personnel:								
Salaries and wages	\$ 1,107,300	\$ 185,626	\$ 285,094	\$ 1,578,020	\$ 1,089,204	\$ 202,214	\$ 196,359	\$ 1,487,777
Payroll taxes and benefits	197,555	29,882	59,908	287,345	196,255	24,745	47,106	268,106
Total personnel	<u>1,304,855</u>	<u>215,508</u>	<u>345,002</u>	<u>1,865,365</u>	<u>1,285,459</u>	<u>226,959</u>	<u>243,465</u>	<u>1,755,883</u>
Occupancy:								
Rent and utilities	<u>334,877</u>	<u>19,852</u>	<u>19,851</u>	<u>374,580</u>	<u>336,762</u>	<u>19,355</u>	<u>19,426</u>	<u>375,543</u>
Other:								
Consultants and professional fees	51,608	9,416	47,090	108,114	67,665	2,654	-	70,319
Credit card and bank charges	10,845	3,198	7,680	21,723	7,067	2,467	12,603	22,137
Depreciation and amortization	42,763	4,775	-	47,538	37,083	3,097	-	40,180
Dues and publications	7,412	1,260	1,135	9,807	13,751	4,911	530	19,192
Equipment rental and maintenance	28,068	339	-	28,407	32,684	734	-	33,418
Fundraising and special events	30,920	36	113,331	144,287	-	-	113,059	113,059
General and liability insurance	9,294	553	-	9,847	9,292	1,430	-	10,722
Instructor fees and program consultants	293,380	-	-	293,380	214,503	-	-	214,503
Interest expense	34,468	3,831	-	38,299	25,709	2,857	-	28,566
Marketing and public relations	8,970	1,172	533	10,675	13,303	1,228	2,204	16,735
Office supplies and expenses	30,752	11,156	650	42,558	34,975	9,137	1,927	46,039
Postage	2,187	1,112	1,971	5,270	2,261	3,535	-	5,796
Program and course materials	19,619	-	-	19,619	13,088	-	-	13,088
Program events	21,432	492	-	21,924	30,721	-	-	30,721
Provision for doubtful accounts	42,503	-	22,400	64,903	2,217	-	-	2,217
Software maintenance contracts	38,179	4,828	3,672	46,679	50,030	1,972	12,014	64,016
Telecommunications expense	18,288	2,320	1,160	21,768	11,807	11,248	-	23,055
Training and development	3,856	3,485	2,439	9,780	13,926	1,209	1,759	16,894
Travel, meals, and lodging	70,416	10,705	9,077	90,198	83,199	17,607	5,326	106,132
Total other expenses	<u>764,960</u>	<u>58,678</u>	<u>211,138</u>	<u>1,034,776</u>	<u>663,281</u>	<u>64,086</u>	<u>149,422</u>	<u>876,789</u>
Total functional expenses	<u>\$ 2,404,692</u>	<u>\$ 294,038</u>	<u>\$ 575,991</u>	<u>\$ 3,274,721</u>	<u>\$ 2,285,502</u>	<u>\$ 310,400</u>	<u>\$ 412,313</u>	<u>\$ 3,008,215</u>

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

CENTER FOR WOMEN & ENTERPRISE, INC.

STATEMENTS OF CASH FLOWS

For the years ended December 31,	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ (134,376)	\$ 4,748
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Depreciation and amortization	47,538	40,180
Provision for doubtful accounts	860	2,217
Deferred rent	(4,953)	(3,791)
Deferred revenue	7,500	(15,000)
Changes in operating assets and liabilities:		
Restricted cash	(15,182)	73,538
Accounts receivable, government grants	(36,960)	(198,426)
Pledges receivable	301,378	(273,980)
Microloans receivable, net	(11,829)	(106,886)
Prepaid expenses and other current assets	(863)	36,632
Accounts payable and accrued expenses	42,463	140,450
Total adjustments	<u>329,952</u>	<u>(305,066)</u>
Net cash provided by (used in) operating activities	<u>195,576</u>	<u>(300,318)</u>
Cash flows from investing activities:		
Purchases of equipment and improvements	(33,590)	(21,504)
Net cash used in investing activities	<u>(33,590)</u>	<u>(21,504)</u>
Cash flows from financing activities:		
Advances on line of credit, net	74,700	208,000
Repayments on note payable, bank	(21,264)	(20,253)
Advances from notes payable, related parties	350,000	-
Repayments on notes payable, related parties	(200,000)	-
Advances on note payable, other	37,500	112,500
Net cash provided by financing activities	<u>240,936</u>	<u>300,247</u>
Net increase (decrease) in cash	402,922	(21,575)
Cash, beginning of year	<u>9,424</u>	<u>30,999</u>
Cash, end of year	<u>\$ 412,346</u>	<u>\$ 9,424</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	<u>\$ 38,299</u>	<u>\$ 28,566</u>

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

CENTER FOR WOMEN & ENTERPRISE, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1 - Nature of Operations and Summary of Significant Accounting Policies

Description of Business

Center for Women & Enterprise, Inc. (“CWE” or the “Organization”), a nonprofit organization, was formed on January 1, 1995, under the laws of the Commonwealth of Massachusetts. The mission of CWE is to provide opportunities for women entrepreneurs and women in business to increase professional success, personal growth, and financial independence. CWE achieves this mission by providing education, training, technical assistance, access to markets, and paths to funding to entrepreneurs at every stage of business development. In partnership with the U.S. Small Business Administration, CWE operates the SBA Women Business Centers of Central MA, Eastern MA, New Hampshire, Rhode Island, and Vermont, as well as the Veterans Business Outreach Center of New England.

CWE's constituents are in all phases of business development and industry sectors and range from disadvantaged women, military veterans and active duty members. The constituents are engaged in activities ranging from home-based businesses to fast growth companies seeking equity financing.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (“GAAP”).

Issued and Adopted Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-14, Presentation of Financial Statements of Not for Profit Entities. This pronouncement addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization adopted the ASU effective January 1, 2018, on a retrospective basis to all periods presented. See Note 13 for required disclosure on availability of financial assets and liquidity.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentration of Credit Risk

CWE maintains its cash, at various financial institutions, which at times, may exceed federally insured limits. CWE has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risks on its cash accounts.

CENTER FOR WOMEN & ENTERPRISE, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1 - Nature of Operations and Summary of Significant Accounting Policies (Continued)

Restricted Cash

CWE's microloan initiative is a program under which loans are made to qualified low-income entrepreneurs in Rhode Island. Restricted cash represents amounts committed to CWE's microloan initiative that have not been loaned to program participants.

Accounts Receivable, Government Grants

Accounts receivable from government grants reflect amounts invoiced for program services delivered during the fiscal reporting period that are due from the United States Small Business Administration ("SBA") and other local governmental agencies. Collectability of such amounts is evaluated on a periodic basis and amounts are written off when deemed uncollectible. At December 31, 2018 and 2017, CWE considers amounts recorded as accounts receivable, government grants to be fully collectible. Accordingly, no allowance for doubtful accounts was recorded.

Pledges Receivable

Pledges receivable include unconditional promises to give, contributions and grants received from individuals, private industry, foundations, and local government agencies, subject to a discount if applicable. Contributions may be designated by the donor for a specific purpose or given without donor restrictions. Amounts are recorded in the appropriate net asset category, at the time a donor makes a promise that is, in substance, unconditional. Amounts collectible beyond one year from the pledge date are reported at their present value. As of December 31, 2018 and 2017 the present value discount on long-term pledge receivables was not material to the financial statements and therefore not recorded. Collectability of amounts are evaluated on a periodic basis and written off when deemed uncollectible. As necessary, CWE establishes an allowance for doubtful accounts based on prior experience and an analysis of specific contributions made. At December 31, 2018 and 2017, CWE has determined that an allowance for pledges receivable is not required.

Microloans Receivable, Net

CWE, from funds received from grants and a loan participation program (See Note 6), issues loans under their microloan initiative, a program designed to benefit low-income entrepreneurs in the state of Rhode Island. As part of this initiative, CWE issues loans to qualified applicants. Loans are stated at their principal balance plus miscellaneous fees, net of an allowance for loan losses. The loans are unsecured and require monthly payments with interest rates and maturity dates determined by CWE at the time the loan is entered into and subject to certain restrictions under the loan participation program. Accrual of interest on loans is discontinued when in the judgment of CWE the collectability of principal or interest becomes doubtful. Past due status is based on the contractual terms of the loan. Interest subsequently received on nonaccrual loans is either applied against principal or recorded as income based on CWE's judgment as to the collectability of principal. Interest accruals are resumed on such loans only when they are brought fully current as to principal and interest and when, in the judgment of CWE, the loans are estimated to be fully collectible. In 2018 and 2017, CWE has not accrued interest on any of the outstanding loan balances.

CENTER FOR WOMEN & ENTERPRISE, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1 - Nature of Operations and Summary of Significant Accounting Policies (Continued)

Microloans Receivable, Net (Continued)

CWE evaluates its microloans receivable for collectability on a continuous basis and, if necessary, establishes an allowance for loan losses based on a number of factors, including current credit conditions and customer payment history. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. The allowance for loan losses is established through a provision for doubtful accounts charged to functional expenses. Loan losses are charged against the allowance when CWE concludes the loan balance is un-collectable. Subsequent recoveries, if any, are credited to the allowance. At December 31, 2018 and 2017 the microloans receivable allowance amounted to \$13,316 and \$12,456, respectively.

Equipment and Improvements, Net

Equipment and improvements are stated at cost, unless received as a donation, and are reported net of accumulated depreciation and amortization. Major additions and improvements are capitalized, while maintenance and repairs, which do not extend the lives of the respective assets, are expensed as incurred.

Contributed equipment is recorded at estimated fair value at the date of donation. If the donor stipulates how long the assets must be used, the contributions are recorded as support with donor restrictions. In the absence of such stipulations, contributions of equipment are recorded as support without donor restrictions.

Equipment is depreciated using the straight-line method over the estimated useful life of the asset. Leasehold improvements are amortized on a straight-line basis over the shorter of the term of the lease or the useful life of the asset. When equipment is retired or otherwise disposed of, the related cost and accumulated depreciation are eliminated from the accounts and any resulting gain or loss is reflected in the statements of activities for the respective period.

CWE evaluates equipment and improvements for impairment annually and will record adjustments necessary to reflect the effect of any impairment. CWE has not recognized any impairment charges on equipment and improvements as of December 31, 2018 and 2017.

Deferred Rent

For leases that contain predetermined fixed escalations of minimum rent, CWE recognizes the related rent expense on a straight-line basis from the date it takes possession of the property to the end of the initial lease term. The Company records any difference between the straight line rent and the rent payable as a deferred rent liability on the Statements of Financial Position.

Net Assets

CWE reports two classes of net assets and the changes in those net assets in its financial statements. These two classes are net assets without donor restrictions and net assets with donor restrictions. These classifications are based on the existence or absence of donor-imposed restrictions. The two classifications are defined as follows:

CENTER FOR WOMEN & ENTERPRISE, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1 - Nature of Operations and Summary of Significant Accounting Policies (Continued)

Net Assets (Continued)

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of management and the Board of Directors.

Net Assets with Donor Restriction

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds to be maintained in perpetuity.

Support and Revenue

CWE recognizes support and revenue from government contracts and certain grants as the services are performed or the funds are expended. Amounts billed or collected prior to satisfying CWE's revenue recognition policy are reflected as deferred revenue.

Revenue from program services is recognized as services are performed. The majority of program service revenues is derived from certification fees. CWE is the New England Regional Partner Organization for Women's Business Enterprise National Council (WBENC), managing the certification process for all New England women-owned businesses and offering exclusive programs and networking events to local members and corporations. Certification fees are not refundable and businesses must be re-certified annually.

Contributions, including unconditional promises to give, are recognized as support in the period received. Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. Conditional promises to give are not recognized until they become unconditional, which is at the time the conditions on which they depend are substantially met. Contributions of assets other than cash are reported at their estimated fair value. Multi-year pledges are recorded at the present value of future cash flows using a discount rate, adjusted for market conditions, to estimate fair value. Support that is with donor restrictions by the donor is reported as an increase in net assets with donor restrictions depending on the nature of the restriction, until the restriction lapses or is satisfied, at which time, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skill, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, and are recorded at their fair market values when the donated services are provided.

CENTER FOR WOMEN & ENTERPRISE, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1 - Nature of Operations and Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)

CWE is exempt from income taxes under Internal Revenue Code (IRC) Section 501(c)(3). CWE is not classified as a private foundation. Contributions made to CWE are deductible by donors as provided in IRC Section 170.

GAAP prescribes the threshold a tax position is required to meet before being recognized in the financial statements. The tax-exempt status of an entity is considered a tax position. An additional liability for uncertain tax positions (“UTPs”) is recognized and recorded as a component of current income tax expense for differences between financial and income tax reporting positions which do not meet this threshold. Any interest and penalties related to UTPs are recorded as a component of income tax expense. CWE has reviewed its income tax positions and has not identified any material UTPs, including any tax positions that would jeopardize its tax exempt status, and thus has not recorded a liability at December 31, 2018 or 2017.

CWE’s income tax returns are subject to examination by taxing authorities. CWE is no longer subject to examinations by tax authorities for years prior to 2015. Currently, there are no income tax audits in process.

The Tax Cuts and Jobs Act of 2017 (the “Act”) was signed into law on December 22, 2017. Under the new law, deductions for qualified transportation benefits, except as necessary for ensuring safety of an employee, were eliminated. Therefore, effective January 1, 2018, tax-exempt employers will be subject to the tax on unrelated business income for any qualified transportation benefits provided to employees. The financial impact of this change in tax law was not material to the financial statements as a whole for the year ended December 31, 2018.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Salaries and benefits are allocated based on estimates of time and effort. Rent is allocated based on the percentage of total square feet usage by functional area. Depreciation, interest, insurance and professional expenses are allocated 90% evenly to each program location. Certain other expenses are allocated based on head count.

Reclassifications

Certain amounts in the 2017 financial statements have been reclassified to conform to the 2018 presentation. These reclassifications had no impact on previously reported net assets or change in net assets.

Subsequent Events

CWE has evaluated subsequent events through June 28, 2019, the date the financial statements were approved and authorized for issuance by management, and determined that, except as disclosed herein, there have been no subsequent events that would require recognition in the financial statements or disclosure in the notes to the financial statements.

CENTER FOR WOMEN & ENTERPRISE, INC.

NOTES TO FINANCIAL STATEMENTS

Note 2 - Equipment and Improvements, Net

Equipment and improvements, net consists of the following at December 31:

	<u>2018</u>	<u>2017</u>
Office equipment	\$ 168,445	\$ 168,446
Software	191,617	186,327
Furniture and fixtures	73,949	73,949
Computer equipment	28,301	-
Leasehold improvements	<u>22,910</u>	<u>22,910</u>
	485,222	451,632
Less accumulated depreciation	<u>354,218</u>	<u>306,680</u>
	<u>\$ 131,004</u>	<u>\$ 144,952</u>

Note 3 - Lines of Credit

CWE has a working capital line of credit (“LOC”) with a bank with a borrowing limit of \$600,000. Advances under the line of credit bear interest at the Wall Street Journal prime rate plus 1%, subject to a floor of 5.25%. The applicable interest rates are 6.50% and 5.50% at December 31, 2018 and 2017, respectively. CWE is subject to certain financial and administrative covenants under the LOC, the most restrictive of which is that CWE must have no outstanding balance under the LOC for a minimum of 30 consecutive days within a one-year term. At December 31, 2018, CWE was not in compliance with this covenant and received a waiver on the covenant from the bank. The LOC is secured by substantially all of CWE's assets. At December 31, 2018 and 2017, the outstanding balance on the LOC was approximately \$600,000.

The LOC agreement was amended in March 2019 whereby the borrowing limit was reduced to \$300,000 and matures on March 8, 2020. Advances on the modified LOC will bear an interest rate at the Wall Street Journal prime rate plus 1%, subject to a floor of 5.50%.

In December 2018, the Organization entered into a second line of credit with the same bank with a borrowing limit of \$150,000 and a maturity date of June 7, 2019. Advances under the second line of credit bear no interest unless the Organization fails to comply with certain covenants. Advances on the second line of credit totaling \$75,000 were outstanding as of December 31, 2018, all of which were repaid subsequent to year end.

Note 4 - Note Payable, Bank

CWE has a term loan with a bank in the amount of \$100,000. The term loan is payable in 60 monthly installments of \$1,899, including interest at a rate of 5.25%. The term loan matures on August 4, 2019 and is subject to the same collateral and administrative covenant provisions as the LOC (Note 3). At December 31, 2018 and 2017, the outstanding balance was \$15,214 and \$36,478, respectively.

CENTER FOR WOMEN & ENTERPRISE, INC.

NOTES TO FINANCIAL STATEMENTS

Note 4 - Note Payable, Bank (Continued)

The following is a summary of the principal payments due after December 31, 2018:

2019	\$	15,214
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In March 2019, CWE entered into a \$300,000 term loan with the same bank, all of which was used to pay down the LOC. The new term loan is payable in 120 monthly installments of principal and interest, including a fixed interest at rate of 6.50%. The new term loan matures on March 8, 2024 and is subject to certain collateral, financial and administrative covenant provisions common to such agreements (See Note 3).

Note 5 - Notes Payable, Related Parties

During 2018, CWE entered into seven short-term notes payable totaling \$350,000, which bear interest at rates of 5.25% or 4.75%, with certain members of the Board of Directors. Four of the notes were repaid during 2018 and four notes totaling \$150,000 remained outstanding at December 31, 2018 and were subsequently paid in January 2019. Interest expense on the notes payable, related parties amounted to \$833 for the year ended December 31, 2018.

Note 6 - Note Payable, Other

In connection with its Microloan program, CWE entered into a loan participation program (“LPP”) with the Rhode Island Commerce Corporation (“RICC”) during 2017. During 2018, the agreement was amended which resulted in an additional \$50,000 of loan proceeds. As amended CWE’s participation in the LPP is as follows; RICC advanced CWE \$200,000, of which \$150,000 is to be used for the issuance of microloans to qualifying applicants and \$50,000 is to be used by CWE for consulting with and advising applicants. The \$50,000 is not subject to repayment under the agreement of which \$12,500 and \$37,500 have been recorded in support and revenue in the statements of activities and changes in net assets at December 31, 2018 and 2017, respectively. The \$150,000 advanced to CWE is interest free. Under the LPP, CWE may issue microloans that can range in size from \$2,000 to \$25,000 and bear interest at the prime rate plus 2%. The LPP expires on November 10, 2023, at which time the \$150,000, less any applicant loans that were uncollectible, as defined in the agreement, are due to RICC. At December 31, 2018 and 2017, \$150,000 and \$112,500 is included in note payable, other, respectively, on the statement of financial position. CWE is subject to certain financial and administrative covenants under the LPP.

CENTER FOR WOMEN & ENTERPRISE, INC.

NOTES TO FINANCIAL STATEMENTS

Note 7 - Net Assets with Donor Restrictions

At December 31, 2018 and 2017, net assets with donor restrictions subject to passage of time consist of the following:

	<u>2018</u>	<u>2017</u>
Time restricted	\$ 282,186	\$ 278,113
Program services	215,500	292,000
Auction event	85,335	93,500
Technology infrastructure	-	13,583
	<u>\$ 583,021</u>	<u>\$ 677,196</u>

Net assets were released from donor restrictions during the years ended December 31, 2018 and 2017 by incurring expenses satisfying the restricted purposes the passage of time or by the occurrence of other actions specified by donors as follows:

	<u>2018</u>	<u>2017</u>
Expiration of time restriction	\$ 292,000	\$ 258,500
Program services	114,363	282,500
Auction event	76,665	51,500
Technology infrastructure	13,583	20,000
	<u>\$ 496,611</u>	<u>\$ 612,500</u>

Note 8 - Contingencies

During the years ended December 31, 2018 and 2017, CWE received approximately 33% and 34%, respectively, of its total support and revenue from the SBA. Funding from the SBA is routinely subject to audit. Based on CWE's past experience and in the opinion of management, the results of such audits will not have a material effect on the financial position of CWE as of December 31, 2018 and 2017, or on the changes in its net assets for the years then ended.

Note 9 - Operating Leases

CWE leases office facilities in Boston and Westborough, Massachusetts, Providence, Rhode Island, Nashua, New Hampshire, Burlington, Vermont and certain office equipment under non-cancelable operating leases expiring through September 2021. The various leases require minimum annual rents plus additional rents for real estate taxes and certain other operating costs, as defined in the leases. Rent expense for the office facilities amounted to approximately \$348,000 and \$350,000 for the years ended December 31, 2018 and 2017, respectively.

CENTER FOR WOMEN & ENTERPRISE, INC.

NOTES TO FINANCIAL STATEMENTS

Note 9 - Operating Leases (Continued)

Future minimum lease payments under non-cancelable operating leases for the years ending December 31, are as follows:

2019	\$ 303,681
2020	70,402
2021	<u>18,399</u>
	<u>\$ 392,482</u>

Note 10 - Donated Goods and Services

The value of donated goods and services are reported in the accompanying financial statements as donated goods and services revenue with offsetting expenses included in program services or offsetting assets included in the statements of financial position, if applicable. For the years ended December 31, 2018 and 2017, donated goods and services are as follows:

	<u>2018</u>	<u>2017</u>
Expenses:		
Program instructors and consultants	<u>\$ 132,229</u>	<u>97,749</u>
Total donated goods and services revenue	<u>\$ 132,229</u>	<u>\$ 97,749</u>

Note 11 - Retirement Savings Plans

CWE sponsors a 401(k) Retirement Savings Plan. Eligible employees may make pre-tax contributions under salary reduction agreements subjects to limits established by the Internal Revenue Code.

Note 12 - Related Party Transactions

For the years ended December 31, 2018 and 2017, included in support and revenue is approximately \$135,000 and \$203,000, respectively, of donations and pledges from members of the Board of Directors.

At December 31, 2018 and 2017, included in pledges receivable is approximately \$172,000 and \$178,000, respectively, of pledges from members of the Board of Directors.

CENTER FOR WOMEN & ENTERPRISE, INC.

NOTES TO FINANCIAL STATEMENTS

Note 13 - Liquidity and Availability

As of December 31, 2018 and 2017, financial assets and liquid resources available for general expenditures, that is, without donor or other restriction limiting their use, within 1 year of the statement of financial position dates, were as follows:

	<u>2018</u>	<u>2017</u>
Cash	\$ 412,346	\$ 9,424
Restricted cash	21,651	6,469
Accounts receivable, government grants	297,884	260,924
Pledges receivable	496,069	797,447
Microloans receivable	<u>125,877</u>	<u>114,908</u>
Total financial assets:	1,353,827	1,189,172
Less: Pledges receivable to be collected in more than one year	(170,500)	(192,500)
Less: Assets committed to microloans	<u>(147,528)</u>	<u>(121,377)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 1,035,799</u>	<u>\$ 875,295</u>

CWE's working capital and cash flows have seasonal variations to the payment schedule associated with government contracts and the concentration of philanthropic giving in the last quarter of the year. CWE has access to a line of credit to help manage cash flow. CWE has \$1,035,799 in financial assets as of the balance sheet date, reduced by the amounts not available for use within one year which include multi-year pledges that extend beyond 2019 and the financial assets associated with one of the microloan funds. In the first quarter of 2019, CWE converted \$300,000 of its current line of credit into a term loan which positions the Organization to have sufficient current assets to meet its current liabilities. CWE also reduced its line of credit balance to zero in the first quarter of 2019 which will allow CWE to access the line of credit to meet cash flow needs later in the year.

In addition to the financial assets available to meet general expenditures over the next 12 months, CWE operates with board approved budgets and anticipates collecting sufficient revenue to cover general ongoing expenditures. Refer to the statement of cash flows, which identifies sources and uses of CWE's cash and shows positive cash generated from operations for the year ended December 31, 2018.

CENTER FOR WOMEN & ENTERPRISE, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2018

Federal Grantor/ Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Federal Expenditures
Major Federal Programs:		
U.S. Small Business Administration ("SBA")		
Women's Business Ownership Assistance SBAHQ-16-W-0022	59.043	\$ 150,000
Women's Business Ownership Assistance SBAHQ-15-W-0026	59.043	112,500
Women's Business Ownership Assistance SBAHQ-18-W-0023	59.043	37,500
Women's Business Ownership Assistance SBAHQ-17-W-0026	59.043	150,000
Women's Business Ownership Assistance SBAHQ-14-W-0047	59.043	150,000
Women's Business Ownership Assistance SBAHQ-15-W-0030	59.043	150,000
Veteran's Business Outreach Center SBAHQ-17-V-0032	59.044	100,000
Veteran's Business Outreach Center SBAHQ-18-V-0003	59.044	183,333
Total U.S. Small Business Administration Programs		1,033,333
Total Expenditures of Federal Awards		\$ 1,033,333

The accompanying notes are an integral part of this schedule.

CENTER FOR WOMEN & ENTERPRISE, INC.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2018

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Center for Women & Enterprise, Inc. ("CWE") under programs of the federal government for the year ended December 31, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). The Schedule presents only a selected portion of the operations of CWE, therefore it is not intended to and does not present the financial position, changes in net assets or cash flows of CWE.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect Cost Rate

CWE has not elected to use the ten percent de minimus indirect cost rate allowed under the Uniform Guidance.

Note 4 - Government Contracts and Grants Revenue

Included in government contracts and grants revenue on the statement of activities and changes in net assets as of December 31, 2018 is \$302,165 of grants and contracts from various state and local governments.

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

To the Board of Directors
Center for Women & Enterprise, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Center for Women and Enterprise, Inc. ("CWE"), a nonprofit organization, which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and changes in net assets, 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 28, 2019.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or 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 CWE's 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 CWE's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Di Cicco, Shelman & Company LLP

Boston, Massachusetts
June 28, 2019

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance in Accordance with the Uniform Guidance

To the Board of Directors of
Center for Women & Enterprise, Inc.

Report on Compliance for Each Major Federal Program

We have audited Center for Women & Enterprise, Inc.'s ("CWE") compliance with the types of compliance requirements described in the *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of CWE's major federal programs for the year ended December 31, 2018. CWE's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of CWE's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) 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 CWE's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, CWE complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Report on Internal Control over Compliance

Management of CWE 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 CWE's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each 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 CWE's 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.

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.

Di Ciccio, Helman & Company LLP

Boston, Massachusetts
June 28, 2019

CENTER FOR WOMEN & ENTERPRISE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018

I. Summary of Independent Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

Material weaknesses identified?	Yes	<u> </u> X <u> </u>	No
Significant deficiencies identified?	Yes	<u> </u> X <u> </u>	None Reported
Noncompliance material to financial statements noted?	Yes	<u> </u> X <u> </u>	No

Federal Awards

Internal control over major federal programs:

Material weaknesses identified?	Yes	<u> </u> X <u> </u>	No
Significant deficiencies identified?	Yes	<u> </u> X <u> </u>	None Reported

Type of auditors' report issued on compliance for major federal program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes X No

Identification of major federal programs:

CFDA Number	Name of Federal Program
59.043	SBA - Women's Business Ownership Assistance
59.044	SBA - Veteran's Business Outreach Center

Dollar Threshold Used to Distinguish Between Type A and Type B Programs: \$ 750,000

Auditee Qualified as a Low-Risk Auditee? X Yes No

II. Findings Relating to the Financial Statement as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

None reported

III. Federal award findings and questioned costs

None reported