



**FINANCIAL STATEMENTS IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS AND
UNIFORM GUIDANCE
DECEMBER 31, 2022 AND 2021**

CENTER FOR WOMEN & ENTERPRISE, INC.

Contents
December 31, 2022 and 2021

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**Unmodified Opinion on Financial Statements Accompanied by
Supplementary Information – Not-For-Profit Entity**

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Center for Women & Enterprise, Inc. (a Massachusetts nonprofit corporation) (the Organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Center for Women & Enterprise, Inc. as of December 31, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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.

Emphasis of Matter

As discussed in Notes 2 and 5 to the financial statements, effective January 1, 2022, the Organization changed its method of accounting for leases due to the adoption of Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, using the optional transition method. 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 accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 GAAS and *Government 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 GAAS and *Government 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 Organization'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 Organization'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.

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards for the year ended December 31, 2022, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is 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 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 May 8, 2023, on our consideration of the Organization'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 the Organization'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 the Organization's internal control over financial reporting and compliance.

AAFCPA, Inc.

Boston, Massachusetts
May 8, 2023

CENTER FOR WOMEN & ENTERPRISE, INC.Statements of Financial Position
December 31, 2022 and 2021

Assets	2022	2021
Current Assets:		
Cash	\$ 246,590	\$ 333,511
Pledges, grants and contracts receivable, net	1,109,829	783,858
Prepaid expenses	25,237	20,676
Total current assets	1,381,656	1,138,045
Deposits	28,463	28,463
Right-of-Use Asset - Operating	647,696	-
Property and Equipment, net	7,467	24,243
Total assets	<u>\$ 2,065,282</u>	<u>\$ 1,190,751</u>
Liabilities and Net Assets		
Current Liabilities:		
Line of credit	\$ 620,000	\$ 500,000
Current portion of operating lease liability	251,751	-
Accounts payable and accrued expenses	260,973	361,527
Conditional grant advances	163,000	18,000
Total current liabilities	1,295,724	879,527
Operating Lease Liability, net of current portion	418,874	-
Total liabilities	<u>1,714,598</u>	<u>879,527</u>
Net Assets:		
Without donor restrictions	31,184	201,724
With donor restrictions	319,500	109,500
Total net assets	<u>350,684</u>	<u>311,224</u>
Total liabilities and net assets	<u>\$ 2,065,282</u>	<u>\$ 1,190,751</u>

CENTER FOR WOMEN & ENTERPRISE, INC.

Statements of Activities
For the Years Ended December 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:						
Government grants and contracts	\$ 2,091,316	\$ 180,000	\$ 2,271,316	\$ 2,503,201	\$ -	\$ 2,503,201
Grants and contributions	971,570	374,500	1,346,070	1,257,581	109,500	1,367,081
Program income	554,118	-	554,118	486,633	-	486,633
Special events	282,072	-	282,072	248,626	-	248,626
Donated services	167,870	-	167,870	324,006	-	324,006
Net assets released from restrictions	344,500	(344,500)	-	160,000	(160,000)	-
Total revenue and support	<u>4,411,446</u>	<u>210,000</u>	<u>4,621,446</u>	<u>4,980,047</u>	<u>(50,500)</u>	<u>4,929,547</u>
Operating Expenses:						
Program services	3,514,920	-	3,514,920	3,460,695	-	3,460,695
Management and general	494,771	-	494,771	696,077	-	696,077
Fundraising	572,295	-	572,295	476,402	-	476,402
Total operating expenses	<u>4,581,986</u>	<u>-</u>	<u>4,581,986</u>	<u>4,633,174</u>	<u>-</u>	<u>4,633,174</u>
Changes in net assets	<u>\$ (170,540)</u>	<u>\$ 210,000</u>	<u>\$ 39,460</u>	<u>\$ 346,873</u>	<u>\$ (50,500)</u>	<u>\$ 296,373</u>

The accompanying notes are an integral part of these statements.

CENTER FOR WOMEN & ENTERPRISE, INC.

Statements of Changes in Net Assets
For the Years Ended December 31, 2022 and 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance, December 31, 2020	\$ (117,654)	\$ 160,000	\$ 42,346
Changes in net assets	<u>346,873</u>	<u>(50,500)</u>	<u>296,373</u>
Balance, December 31, 2021, as previously stated	229,219	109,500	338,719
Prior period adjustment	<u>(27,495)</u>	<u>-</u>	<u>(27,495)</u>
Balance, December 31, 2021, as restated	201,724	109,500	311,224
Changes in net assets	<u>(170,540)</u>	<u>210,000</u>	<u>39,460</u>
Balance, December 31, 2022	<u>\$ 31,184</u>	<u>\$ 319,500</u>	<u>\$ 350,684</u>

CENTER FOR WOMEN & ENTERPRISE, INC.Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Changes in net assets	\$ 39,460	\$ 296,373
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	16,776	30,997
Non-cash lease expense	22,929	-
Provision for doubtful accounts	-	15,799
Loss on disposal of property and equipment	-	2,444
Changes in operating assets and liabilities:		
Pledges, grants and contracts receivable	(325,971)	186,378
Prepaid expenses	(4,561)	(11,312)
Accounts payable and accrued expenses	(100,554)	(24,193)
Conditional grant advances	145,000	(462,763)
Net cash provided by (used in) operating activities	<u>(206,921)</u>	<u>33,723</u>
Cash Flows from Investing Activities:		
Deposits	<u>-</u>	<u>22,039</u>
Cash Flows from Financing Activities:		
Repayments on note payable	-	(260,754)
Repayments on line of credit	(400,000)	(300,000)
Amounts drawn on line of credit	520,000	500,000
Net cash provided by (used in) financing activities	<u>120,000</u>	<u>(60,754)</u>
Net Change in Cash	(86,921)	(4,992)
Cash:		
Beginning of year	<u>333,511</u>	<u>338,503</u>
End of year	<u>\$ 246,590</u>	<u>\$ 333,511</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	<u>\$ 35,673</u>	<u>\$ 18,139</u>

CENTER FOR WOMEN & ENTERPRISE, INC.

Statement of Functional Expenses
For the Year Ended December 31, 2022

(With Summarized Comparative Totals for the Year Ended December 31, 2021)

	2022					2021	
	Program Services			Supporting Services		Total	Total
	Education Programs	Certifications	Total Program Services	Management and General	Fundraising		
Operating Expenses:							
Personnel:							
Salaries	\$ 1,227,527	\$ 328,375	\$ 1,555,902	\$ 259,806	\$ 367,432	\$ 2,183,140	\$ 2,220,312
Payroll taxes and benefits	278,594	58,327	336,921	77,435	101,837	516,193	542,032
Total personnel	<u>1,506,121</u>	<u>386,702</u>	<u>1,892,823</u>	<u>337,241</u>	<u>469,269</u>	<u>2,699,333</u>	<u>2,762,344</u>
Occupancy	<u>208,302</u>	<u>25,413</u>	<u>233,715</u>	<u>12,707</u>	<u>12,706</u>	<u>259,128</u>	<u>281,332</u>
Other:							
Instructor fees and program consultants	424,866	-	424,866	-	-	424,866	328,384
Information technology	232,227	492	232,719	25,898	38,470	297,087	312,301
Consultants and professional fees	108,653	357	109,010	79,487	-	188,497	217,959
Program events and course materials	184,554	135	184,689	-	-	184,689	43,671
Donated services - instructor fees and program consultants	167,870	-	167,870	-	-	167,870	324,006
Fundraising and networking events	-	49,415	49,415	-	44,620	94,035	70,689
Marketing	38,252	21,516	59,768	12,993	199	72,960	42,368
Travel, meals and lodging	31,956	7,139	39,095	5,411	3,719	48,225	3,323
Interest	32,105	-	32,105	3,568	-	35,673	18,139
Equipment rental and maintenance	32,922	-	32,922	-	-	32,922	22,659
Office supplies	24,700	475	25,175	5,204	627	31,006	122,743
Depreciation and amortization	15,098	-	15,098	1,678	-	16,776	30,997
Insurance	11,809	-	11,809	1,800	-	13,609	10,393
Training and development	1,168	363	1,531	7,624	-	9,155	18,399
Credit card and bank charges	446	1,864	2,310	1,160	2,685	6,155	7,668
Provisions for doubtful accounts	-	-	-	-	-	-	15,799
Total other	<u>1,306,626</u>	<u>81,756</u>	<u>1,388,382</u>	<u>144,823</u>	<u>90,320</u>	<u>1,623,525</u>	<u>1,589,498</u>
Total operating expenses	<u>\$ 3,021,049</u>	<u>\$ 493,871</u>	<u>\$ 3,514,920</u>	<u>\$ 494,771</u>	<u>\$ 572,295</u>	<u>\$ 4,581,986</u>	<u>\$ 4,633,174</u>

The accompanying notes are an integral part of these statements.

CENTER FOR WOMEN & ENTERPRISE, INC.

Statement of Functional Expenses
For the Year Ended December 31, 2021

	Program Services			Supporting Services		Total
	Education Programs	Certifications	Total Program Services	Management and General	Fundraising	
Operating Expenses:						
Personnel:						
Salaries	\$ 1,245,240	\$ 330,616	\$ 1,575,856	\$ 323,009	\$ 321,447	\$ 2,220,312
Payroll taxes and benefits	268,030	70,572	338,602	115,654	87,776	542,032
Total personnel	1,513,270	401,188	1,914,458	438,663	409,223	2,762,344
Occupancy	219,891	23,234	243,125	26,590	11,617	281,332
Other:						
Instructor fees and program consultants	328,384	-	328,384	-	-	328,384
Information technology	245,046	27,126	272,172	21,515	18,614	312,301
Consultants and professional fees	111,451	6,417	117,868	93,547	6,544	217,959
Program events and course materials	43,671	-	43,671	-	-	43,671
Donated services - instructor fees and program consultants	283,921	-	283,921	40,085	-	324,006
Fundraising and networking events	-	47,289	47,289	-	23,400	70,689
Marketing	5,751	-	5,751	36,617	-	42,368
Travel, meals and lodging	659	2,067	2,726	-	597	3,323
Interest	13,993	2,332	16,325	1,814	-	18,139
Equipment rental and maintenance	22,659	-	22,659	-	-	22,659
Office supplies	112,320	206	112,526	6,774	3,443	122,743
Depreciation and amortization	23,911	3,985	27,896	3,101	-	30,997
Insurance	7,578	1,263	8,841	1,552	-	10,393
Training and development	10,173	200	10,373	8,026	-	18,399
Credit card and bank charges	423	2,287	2,710	1,994	2,964	7,668
Provisions for doubtful accounts	-	-	-	15,799	-	15,799
Total other	1,209,940	93,172	1,303,112	230,824	55,562	1,589,498
Total operating expenses	\$ 2,943,101	\$ 517,594	\$ 3,460,695	\$ 696,077	\$ 476,402	\$ 4,633,174

The accompanying notes are an integral part of these statements.

CENTER FOR WOMEN & ENTERPRISE, INC.

Notes to Financial Statements
December 31, 2022 and 2021

1. OPERATIONS AND NONPROFIT STATUS

Center for Women & Enterprise, Inc. (the Organization) is a nonprofit corporation established on January 1, 1995, in the Commonwealth of Massachusetts. The mission of the Organization is to provide opportunities for women entrepreneurs and women in business to increase professional success, personal growth, and financial independence. The Organization achieves this mission by providing education, training, technical assistance, women's business enterprise certifications, access to markets, and paths to funding to entrepreneurs at every stage of business development. In partnership with the U.S. Small Business Administration (SBA), the Organization 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 (VBOC).

The Organization'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 business to fast growth companies seeking equity financing.

The Organization is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Organization is also exempt from state income taxes. Contributions made to the Organization are deductible by donors within the requirements of the IRC.

2. SIGNIFICANT ACCOUNTING POLICIES

The Organization's financial statements have been prepared in accordance with accounting standards generally accepted in the United States of America (U.S. GAAP). References to U.S. GAAP in these notes are to the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

Recently Adopted Accounting Pronouncements

ASU 2016-02, Leases (Topic 842)

In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The most significant change in the new lease guidance is the requirement to recognize right-of-use (ROU) assets and lease liabilities for operating leases on the statement of financial position. The Organization elected to adopt *Topic 842* on January 1, 2022, using the optional transition method provided in ASU 2018-11. Under this transition method, financial information related to years prior to adoption is reported under *ASC Topic 840*.

The Organization elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the Organization to carry forward the historical lease classification as operating or capital leases. The Organization also elected to exclude short-term leases from the statement of financial position. The Organization did not elect the hindsight practical expedient in determining the lease term for existing leases as of January 1, 2022.

The most significant impact of adoption was the recognition of operating ROU assets and lease liabilities of \$630,619 and \$658,115, respectively. The Organization expects the impact of adoption to be immaterial to the accompanying statements of activities, functional expenses and cash flows on an ongoing basis. As part of the adoption, the Organization also modified its control procedures and processes, none of which materially affected internal control over financial reporting.

CENTER FOR WOMEN & ENTERPRISE, INC.

Notes to Financial Statements
December 31, 2022 and 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Pronouncements (Continued)

ASU 2016-02, Leases (Topic 842) (Continued)

The cumulative effect of the changes made to the statement of financial position for the adoption of the new lease standard as of January 1, 2022, was as follows:

<u>Statement of Financial Position</u>	<u>As Previously Reported</u>	<u>Effect of Adoption</u>	<u>As Adjusted</u>
Right-of-use asset - operating	\$ -	\$ 630,619	\$ 630,619
Operating lease liability	\$ -	\$ 658,115	\$ 658,115
Deferred rent	\$ -	\$ 27,495	\$ 27,495

ASU 2020-07, Not-for-Profit Entities (Topic 958)

In September 2020, FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 is intended to increase the transparency of contributed nonfinancial assets (in-kind goods and services) for not-for-profit entities through enhancements to presentation and disclosure. The amendments in this ASU do not change the recognition and measurement requirements of in-kind goods and services.

During 2022, the Organization adopted ASU 2020-07. The adoption of this ASU did not impact the Organization's net asset class, changes in net assets, or cash flows for the years ended December 31, 2022 and 2021. This ASU has been applied retrospectively to all periods presented.

Revenue Recognition

Program Income

Program income is recognized in accordance with FASB's ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgment and changes in judgment.

The Organization generally measures earned revenue based on the amount of consideration the Organization expects to be entitled for the transfer of goods or services to a customer, then recognizes this revenue when or as the Organization satisfies its performance obligations under a contract, except in transactions where U.S. GAAP provides other applicable guidance. The Organization evaluates its revenue contracts with customers (i.e., earned revenue) based on the five-step model under ASU Topic 606: (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to separate performance obligations; and (5) Recognize revenue when (or as) each performance obligation is satisfied.

Revenue from program services is recognized at a point in time, as services are performed. The majority of program service revenue is derived from certification fees. The Organization is the New England Regional Partner Organization for the 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.

CENTER FOR WOMEN & ENTERPRISE, INC.

Notes to Financial Statements
December 31, 2022 and 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Program Income (Continued)

Revenue from corporate dues is recognized ratably over the membership year the corporate membership contract covers, which coincides with the Organization's calendar year-end, as the performance obligation is satisfied over time. The Organization records the revenue earned monthly.

Revenue from the Organization's annual conference is recognized at the time the conference is held, as the performance obligation is satisfied on the date of the conference.

Government Contracts, Grants and Contributions

In accordance with ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, the Organization must determine whether a grant or contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of the assets or a right of release of a promise to transfer assets exists (see Note 3). Indicators of a barrier include a measurable performance-related barrier or another measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the Organization should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

Grants and contributions without donor restrictions are recorded as revenue and net assets without donor restrictions when received or unconditionally committed by the donor. Revenue from donor restricted grants and contributions are recorded as donor restricted revenue and net assets when received or unconditionally committed by the donor. Net assets released from donor restrictions represent transfers made to revenue and net assets without donor restrictions as costs are incurred, time restrictions lapse, or program restrictions have been satisfied. Donor restricted grants received and satisfied in the same period are included in net assets without donor restrictions.

The Organization's Federal cost reimbursable contracts, included in government contracts in the accompanying statements of activities, are recognized under Topic 958 and treated as conditional and recorded as revenue upon meeting expense criteria and recognized over the period of time expenses are incurred.

Special events revenue is from the Organization's ability to host fundraising events, in which revenues are recognized at the time of the event. Special event income consists of both contributions and sales. The contribution portion of the special event income is recognized as revenue when unconditionally committed or received. The sales portion of the special event income is derived from various components, including registration fees, sponsorships and program ads, in which the transaction price is determined annually. Fees collected in advance of the special events are initially recorded as deferred revenue and are only recognized in the statements of activities after the special event has occurred and the performance obligation has been met. There was \$163,000 and \$18,000 of deferred revenue as of December 31, 2022 and 2021, respectively, which is included in conditional grant advances in the accompanying statements of financial position.

CENTER FOR WOMEN & ENTERPRISE, INC.

Notes to Financial Statements
December 31, 2022 and 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pledges, Grants and Contracts Receivable and Allowance for Uncollectible Accounts

The Organization records an allowance for uncollectible accounts based on management's analysis of specific accounts and their estimate of amounts that may become uncollectible. Account balances are charged off against the allowance when it is probable the receivable will not be recovered. There was no allowance for uncollectible accounts as of December 31, 2022 and 2021.

Property and Equipment and Depreciation

Property and equipment are recorded at cost, if purchased, or at the estimated market value at the date of gift, if donated. Renewals and betterments are capitalized, while repairs and maintenance are expensed as incurred. Property and equipment are depreciated using the straight-line method over the following estimated useful lives:

Computer software and technology	2 - 5 years
Office and information technology equipment	5 years
Furniture and fixtures	5 years
Leasehold improvements	Lesser of life of lease or 10 years

Fair Value Measurements

The Organization follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that the Organization would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The Organization uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Organization. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available. The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable, and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. The Organization values all of its qualifying assets and liabilities using Level 1 inputs.

CENTER FOR WOMEN & ENTERPRISE, INC.

Notes to Financial Statements
December 31, 2022 and 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions are those net resources that bear no external restrictions and are generally available for use by the Organization.

Net Assets With Donor Restrictions

Net assets with donor restrictions represent amounts received or committed with donor restrictions which have not yet been expended for their designated purpose (purpose restricted) or amounts for use in future periods (time restricted).

Net assets with donor restrictions consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Purpose restricted	\$ 302,000	\$ 97,000
Time restricted	<u>17,500</u>	<u>12,500</u>
	<u>\$ 319,500</u>	<u>\$ 109,500</u>

Net assets released from donor restrictions are as follows:

	<u>2022</u>	<u>2021</u>
Satisfaction of purpose restrictions	\$ 332,000	\$ 17,500
Expiration of time restrictions	<u>12,500</u>	<u>142,500</u>
	<u>\$ 344,500</u>	<u>\$ 160,000</u>

Estimates

The preparation of financial statements in accordance with U.S. GAAP 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.

Expense Allocation

Expenses related directly to a program are recorded as program expenses, while other expenses are allocated based upon management's estimate of the percentage attributable to program services, general and administrative, and fundraising.

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are salaries, employee benefits, payroll taxes, interest, depreciation, information technology, and insurance, which are allocated based on the number of employees spending time in the Organization's program and supporting functions. Occupancy is allocated based on the percentage of square footage used by functional area.

CENTER FOR WOMEN & ENTERPRISE, INC.

Notes to Financial Statements
December 31, 2022 and 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services

The Organization recognizes the fair value of contributed services if such services create or enhance nonfinancial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed.

The Organization receives donated services from instructors and consultants in support of its programs and administration. Donated services are reflected as contributions at their value at date of donation and are reflected as unrestricted revenue and support unless explicit donor stipulations specify how the donated assets must be used. Donated services are shown as donated services in the accompanying statements of activities and functional expenses. Individuals contribute services to the Organization in support of its programs and these contributions are not monetized. There were no donor restricted donated services in 2022 or 2021.

Income Taxes

The Organization accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. The Organization has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at December 31, 2022 and 2021. The Organization's information returns are subject to examination by the Federal and state jurisdictions.

Subsequent Events

Subsequent events have been evaluated through May 8, 2023, which is the date the financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the financial statements, except as disclosed in Note 5.

3. CONDITIONAL GRANTS

During 2022, the Organization was awarded multiple conditional commitments from various Federal agencies for 2023, which contain funder-imposed conditions that represent a barrier that must be overcome, as well as a release from obligations. The Organization recognizes related revenue from these government contracts when funder-imposed conditions are substantially met. The funder-imposed conditions for these contracts include the requirement for the Organization to incur qualifying expenses. These commitments are not included in the accompanying financial statements. Conditional promises to give from the SBA at December 31, 2022, was \$960,201.

During 2022, the Organization was also awarded a grant from a foundation which contained specific funder-imposed milestones that represent a barrier that must be overcome before the revenue can be recognized. This grant is not included in the accompanying financial statements. Conditional promises to give from the foundation at December 31, 2022, was \$1,150,000.

CENTER FOR WOMEN & ENTERPRISE, INC.

Notes to Financial Statements
December 31, 2022 and 2021

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Computer software and technology	\$ 186,327	\$ 186,327
Office and information technology equipment	201,543	201,543
Furniture and fixtures	73,949	73,949
Leasehold improvements	<u>22,910</u>	<u>22,910</u>
	484,729	484,729
Less - accumulated depreciation	<u>477,262</u>	<u>460,486</u>
Property and equipment, net	<u>\$ 7,467</u>	<u>\$ 24,243</u>

5. LEASES

The Organization determines if an arrangement is a lease or contains a lease at inception of a contract. A contract is determined to be a lease or contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) in exchange for consideration. The Organization determines such assets are leased because the Organization has the right to obtain substantially all of the economic benefits from and the right to direct the use of the identified asset. Assets in which the supplier or lessor has the practical ability and right to substitute alternative assets for the identified asset and would benefit economically from the exercise of its right to substitute the asset are not considered to be or contain a lease because the Organization determines it does not have the right to control and direct the use of the identified asset. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating its contracts, the Organization separately identifies lease and non-lease components, such as common area and other maintenance costs, in calculating the right-of-use (ROU) assets and lease liabilities for its office buildings and equipment. The Organization has elected the practical expedient to not separate lease and non-lease components and classifies the contract as a lease if consideration in the contract allocated to the lease component is greater than the consideration allocated to the non-lease component.

Leases result in the recognition of ROU assets and lease liabilities on the statement of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Organization determines lease classification as operating or finance at the lease commencement date.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Organization uses the implicit rate when readily determinable. As most of the leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at the later of January 1, 2022, or commencement date to determine the present value of lease payments.

The lease term may include options to extend or to terminate the lease that the Organization is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Organization has elected not to record leases with an initial term of twelve months or less on the statement of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

CENTER FOR WOMEN & ENTERPRISE, INC.

Notes to Financial Statements
December 31, 2022 and 2021

5. LEASES (Continued)

The Organization has entered into the following lease arrangements:

Operating Leases

The Organization has a lease for office space in New Hampshire that commenced in March 2021 and expired in February 2023. As per the agreement, the Organization is to give written notice to the lessor if they would like to renew the lease for additional periods after the end of the agreement. Subsequent to December 31, 2022, the Organization exercised the option to extend the lease through February 2025, with the same lease terms and monthly payments. Monthly payments for the lease are \$850 for 2022 and 2021.

The Organization has a lease for office space in Vermont that commenced in January 2022 and expires in December 2026. As per the agreement, there are no renewal options to extend the lease beyond the expiration date. Monthly payments for the lease are \$1,548 through end of lease term.

The Organization has a lease for office space in Rhode Island that commenced in May 2019 and expired in May 2022. Prior to the expiration of the lease, the lease was extended for five additional periods which commenced upon the expiration of the prior lease and expires in May 2027. As per the extended agreement, there are no renewals on the lease for any additional periods. Monthly payments under the original agreement were \$6,030 for 2021 and for the first five months of 2022. Monthly payments under the extended agreement were \$4,670 for the final seven months of 2022. For subsequent periods, the monthly payments increase incrementally by 2% on the first of May each year through end of the lease term.

The Organization has a lease for office space in Boston, Massachusetts that commenced in February 2020 and expires in March 2025. As per the agreement, there are no renewal options to extend the lease beyond the expiration date. Monthly payments for the lease ranged from \$9,972 to \$10,197 during 2021 and 2022. For subsequent periods, the monthly payments increase incrementally by 2% on the first of February each year through end of the lease term.

The Organization has a lease for office space in Central Massachusetts that commenced in February 2021 and expires in January 2024. As per the agreement, there are no renewal options to extend the lease beyond the expiration date. Monthly payments for the lease were \$2,275 for six months of 2021 and \$3,826 for six months of 2021 and first month of 2022. Monthly payments were \$3,909 for the final eleven months of 2022. For subsequent periods, the monthly payments increase incrementally by 2% on the first of February each year through the end of the lease term.

The Organization has a lease for a copier that commenced in September 2019 and expires in December 2024. As per the agreement, the lease will renew in successive one-year periods upon the expiration of the agreement, unless the Organization provides written notice to end the agreement. Monthly payments for the lease are \$989 for 2022 and 2021, and do not increase for subsequent periods through end of lease term.

CENTER FOR WOMEN & ENTERPRISE, INC.

Notes to Financial Statements
December 31, 2022 and 2021

5. LEASES (Continued)

Operating Leases (Continued)

The Organization recorded rent on a straight-line basis over the terms of the leases in accordance with ASU Topic 840, *Leases*, through 2021. Any difference between cash payments in the lease agreements and the related expense for a given year was recorded as deferred rent (see Note 11).

The following is a schedule of future minimum lease payments in accordance with the lease agreements as of December 31, 2021:

2022	\$ 271,228
2023	261,553
2024	220,058
2025	110,195
2026	<u>79,754</u>
	<u>\$ 942,788</u>

The following is a schedule of future minimum lease liabilities under all of the operating leases for the Organization, in accordance with the operating lease agreements as of December 31, 2022:

2023	\$ 270,135
2024	230,259
2025	111,895
2026	79,754
2027	<u>20,552</u>
Total future undiscounted lease payments	712,595
Less - current portion	251,751
Less - present value discount/interest	<u>41,970</u>
	<u>\$ 418,874</u>

Other Information

Cash paid for amounts included in the measurement of operating lease liabilities are \$271,096 for the year ended December 31, 2022.

Non-cash operating lease assets and liabilities obtained in exchange for new or modified leases during 2022 was \$273,020.

The following summarizes the weighted-average remaining lease term and discount rate as of December 31, 2022:

Weighted-average remaining lease term	3 years
Weighted-average discount rate	1.79%

CENTER FOR WOMEN & ENTERPRISE, INC.

Notes to Financial Statements
December 31, 2022 and 2021

6. RETIREMENT PLAN

The Organization has a defined contribution retirement plan under IRC Section 401(K) covering all eligible employees. Employees become eligible to participate on their date of hire if over the age of 21. Eligible employees may make pre-tax contributions under salary reduction agreements subject to limits established by the IRC. The Organization did not contribute to the plan for the years ended December 31, 2022 and 2021.

7. LINE OF CREDIT

During 2021, the Organization entered into an agreement with a bank to secure a working capital line of credit for \$600,000 with a maturity date of November 8, 2022. During 2022, the bank increased the maximum borrowing limit on the line of credit to \$850,000 and extended the maturity date to November 8, 2023. Advances on the line of credit bear interest at the *Wall Street Journal's* prime rate plus 1%, subject to a floor of 5.5% (8.5% and 5.5% at December 31, 2022 and 2021, respectively). The line of credit is secured substantially by all of the Organization's assets. The outstanding balance on the line of credit was \$620,000 and \$500,000 as of December 31, 2022 and 2021, respectively.

The Organization has certain financial and administrative covenants with which it must comply. The Organization was in compliance with the financial covenant as of December 31, 2022 and 2021. The Organization was not in compliance with certain administrative covenants as of December 31, 2022 and 2021, and received waivers for both years.

8. CONCENTRATIONS

The Organization received approximately 40% and 47% of its total revenue and support from the SBA during 2022 and 2021, respectively. Approximately 54% and 64% of the Organization's pledges, grants and contracts receivable at December 31, 2022 and 2021, respectively, are due from the SBA. Additionally, approximately 11% of the Organization's pledges, grants and contracts receivable at December 31, 2022, are due from a quasi-governmental agency. Payments to the Organization are subject to audit by the SBA. In the opinion of management, the results of such audits, if any, will not have a material effect on the financial position of the Organization as of December 31, 2022 or 2021, or on the changes in net assets for the years then ended.

9. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's financial assets available within one year from the statements of financial position date for general operating expenses are as follows at December 31:

	<u>2022</u>	<u>2021</u>
Cash	\$ 246,590	\$ 333,511
Pledges, grants and contracts receivable, net	<u>1,109,829</u>	<u>783,858</u>
	1,356,419	1,117,369
Less - funds purpose restricted by donors	<u>(302,000)</u>	<u>(97,000)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,054,419</u>	<u>\$ 1,020,369</u>

The Organization's working capital and cash flows have seasonal variations to the payment schedule associated with government contracts. At December 31, 2022 and 2021, the Organization has approximately three months of financial assets available within one year to cover operating expenses, net of depreciation and donated services.

CENTER FOR WOMEN & ENTERPRISE, INC.

Notes to Financial Statements
December 31, 2022 and 2021

9. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

The Organization operates with Board-approved budgets and anticipates collecting sufficient revenue to cover ongoing expenditures.

10. CONTINUING OPERATIONS

For the years ended December 31, 2022 and 2021, the Organization had total net assets of approximately \$351,000 and \$311,000, respectively. During 2022 and 2021, the Organization's changes in net assets without donor restrictions were \$(170,540) and \$346,873, respectively.

Management has gone through a strategic planning process through which several revenue generating initiatives have been developed and the Organization is in the process of implementing. The Organization has put together a business plan to increase WBENC program income. Additionally, a consultant has been hired to help coordinate a strategy to increase philanthropic support from national foundations. Lastly, the Organization is launching its first grassroots campaign to expand the pipeline of individual donors.

Towards the close of 2021 and during 2022, the Organization was a recipient of two grants for \$220,000 and \$200,000, respectively. During 2022, the Organization recognized approximately \$92,000 and \$50,000, respectively, from these grants and anticipates recognizing the remaining funds during 2023. As noted in Note 3, the Organization has been awarded a conditional grant of \$1,150,000, of which management believes \$575,000 will be recognized in 2023 with the remaining amount to be recognized in 2024. Additionally, subsequent to year end, the Organization held its largest fundraising event of the year, which net approximately \$70,000 more than anticipated.

Management anticipates that the revenue generated by the additional grant funding, combined with a budgeted operating surplus in 2023, are expected to generate sufficient changes in net assets without donor restrictions to continue to add to the current balance and build up the overall net asset position of the Organization.

11. PRIOR PERIOD ADJUSTMENT

During 2022, as part of the adoption of *Topic 842*, a prior period adjustment was needed to restate the prior year to reflect the appropriate treatment of leases under the previous lease standard, *Topic 840*. Prior to 2022, the Organization did not straight-line their rent expense, in accordance with U.S. GAAP, as individual amounts were immaterial to the financial statements as a whole.

Net assets without donor restrictions at December 31, 2021, have been restated as follows:

Net assets without donor restrictions, at December 31, 2021, as previously stated	\$ 229,219
Prior period adjustment to properly account for straight-lining rent expense	<u>(27,495)</u>
Net assets without donor restrictions, at December 31, 2021, as restated	<u>\$ 201,724</u>

CENTER FOR WOMEN & ENTERPRISE, INC.

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Assistance Listing (AL) Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Small Business Administration			
Direct:			
Women's Business Ownership Assistance	59.043	N/A	\$ 883,333
COVID-19 - Women's Business Ownership Assistance	59.043	N/A	<u>527,736</u>
Total AL No. 59.043			1,411,069
Veterans Outreach Program	59.044	N/A	275,000
Community Navigator Pilot Program	59.077	N/A	92,172
Congressional Grants	59.059	N/A	<u>50,000</u>
Total U.S. Small Business Administration			<u>1,828,241</u>
U.S. Department of Housing and Urban Development			
CDBG - Entitlement Grants Cluster:			
Passed through the City of Providence, Rhode Island:			
Community Development Block Grants/Entitlement Grants	14.218	4277 & 4278	78,233
Passed through the City of Cambridge, Massachusetts:			
Community Development Block Grants/Entitlement Grants	14.218	N/A	<u>14,175</u>
Total AL No. 14.218, CDBG - Entitlement Grants Cluster and U.S. Department of Housing and Urban Development			<u>92,408</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,920,649</u></u>

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the Federal assistance activity of the Organization and is presented on the accrual basis of accounting. 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*.

Note 2. Indirect Cost Rate

The Organization has elected not to use the 10% de minimis cost rate for its Federal programs.

**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**

Independent Auditor's Report

To the Board of Directors of
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 & Enterprise, Inc. (the Organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 8, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 financial statements. 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 the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

AAFCPA, Inc.

Boston, Massachusetts
May 8, 2023

**Report on Compliance for Each Major Federal Program and Report on
Internal Control Over Compliance Required by the Uniform Guidance**

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Center for Women & Enterprise, Inc.'s (the Organization) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major Federal program for the year ended December 31, 2022. The Organization's major Federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major Federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's Federal program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to on the previous page occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to on the previous page is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of the major Federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Report on Internal Control Over Compliance (Continued)

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.

AAFCPA, Inc.

Boston, Massachusetts
May 8, 2023

CENTER FOR WOMEN & ENTERPRISE, INC.

Schedule of Findings and Questioned Costs
December 31, 2022

1. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with U.S. GAAP: Unmodified

Is a "going concern" emphasis-of-matter paragraph included in the auditor's report? _____ Yes X No

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over the major Federal program:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

Type of auditor's report issued on compliance for the 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 the major Federal program:

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing Number</u>
Women's Business Ownership Assistance	59.043

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.

Auditee qualified as low-risk auditee? X Yes _____ No

2. FINANCIAL STATEMENT FINDINGS

None

3. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None