

**INTERNATIONAL INSTITUTE ON RACE,  
EQUALITY AND HUMAN RIGHTS**

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**FINANCIAL STATEMENTS  
AND  
REPORTS UNDER THE UNIFORM GUIDANCE**

**Year Ended December 31, 2019**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
International Institute on Race, Equality and Human Rights

### Report on Financial Statements

We have audited the accompanying financial statements of International Institute on Race, Equality and Human Rights (the Organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of International Institute on Race, Equality and Human Rights as of December 31, 2019, the related statements of activity, functional expenses, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

We have previously audited the Organization's December 31, 2018, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 14, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## ***Emphasis of Matter***

As discussed in Note 2 to the financial statements, the Organization adopted Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* and Accounting Standards Update No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*, during the year ended December 31, 2019. Our opinion is not modified with respect to this matter.

## ***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* 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2020, 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.

A handwritten signature in cursive script that reads "Rubins & Company". The signature is written in black ink and is positioned above the date and location text.

August 24, 2020  
Bethesda, Maryland

**INTERNATIONAL INSTITUTE ON RACE, EQUALITY AND HUMAN RIGHTS**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2019**  
**(With Comparative Totals for 2018)**

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Assets		
Cash and cash equivalents	\$ 229,586	\$ 137,463
Grants receivable and promises to give	283,400	75,102
Other receivables and advances	4,027	4,100
Prepaid expenses	12,115	5,928
Property and equipment, net	1,630	2,037
Security deposits	<u>6,300</u>	<u>6,300</u>
 Total assets	 <u>\$ 537,058</u>	 <u>\$ 230,930</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 72,507	\$ 31,558
Refundable advances	40,341	90,245
Deferred rent	<u>13,359</u>	<u>19,578</u>
 Total liabilities	 <u>126,207</u>	 <u>141,381</u>
Net assets		
Without donor restrictions	74,659	5,187
With donor restrictions	<u>336,192</u>	<u>84,362</u>
 Total net assets	 <u>410,851</u>	 <u>89,549</u>
 Total liabilities and net assets	 <u>\$ 537,058</u>	 <u>\$ 230,930</u>

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

**INTERNATIONAL INSTITUTE ON RACE, EQUALITY AND HUMAN RIGHTS**  
**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2019**  
**(With Comparative Totals for 2018)**

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>2019</u> <u>Total</u>	<u>2018</u> <u>Total</u>
Support and revenue				
Grants and contracts				
Government	\$ 2,343,283	\$ -	\$ 2,343,283	\$ 1,452,470
Non-government	6,760	374,472	381,232	169,375
Other income	5,398	-	5,398	3,494
Net assets released from restrictions	<u>122,642</u>	<u>(122,642)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>2,478,083</u>	<u>251,830</u>	<u>2,729,913</u>	<u>1,625,339</u>
Expenses				
Program services	2,314,531	-	2,314,531	1,473,352
Supporting services	<u>94,080</u>	<u>-</u>	<u>94,080</u>	<u>95,525</u>
Total expenses	<u>2,408,611</u>	<u>-</u>	<u>2,408,611</u>	<u>1,568,877</u>
Change in net assets	69,472	251,830	321,302	56,462
Net assets, beginning of year	<u>5,187</u>	<u>84,362</u>	<u>89,549</u>	<u>33,087</u>
Net assets, end of year	<u>\$ 74,659</u>	<u>\$ 336,192</u>	<u>\$ 410,851</u>	<u>\$ 89,549</u>

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

**INTERNATIONAL INSTITUTE ON RACE, EQUALITY AND HUMAN RIGHTS**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended December 31, 2019**  
**(With Comparative Totals for 2018)**

	Program Services	Supporting Services		Total Supporting Services	2019 Total	2018 Total
		Management and General	Fundraising			
Salaries and benefits	\$ 782,339	\$ 11,703	\$ 5,610	\$ 17,313	\$ 799,652	\$ 579,651
Professional fees	704,300	37,767	-	37,767	742,067	341,033
Occupancy	108,310	2,848	530	3,378	111,688	105,141
Communications	7,825	9,009	-	9,009	16,834	21,436
Supplies and equipment	15,788	2,125	-	2,125	17,913	11,355
Equipment rental	800	10	-	10	810	1,482
Travel and related expenses	581,776	16,026	-	16,026	597,802	410,720
Conferences, conventions, and meetings	88,885	1,880	-	1,880	90,765	74,474
Printing and publications	14,855	1,000	-	1,000	15,855	11,424
Subscription, dues and publications	-	1,700	-	1,700	1,700	1,874
Depreciation	-	408	-	408	408	510
Other expenses	9,653	3,464	-	3,464	13,117	9,777
	<u>\$ 2,314,531</u>	<u>\$ 87,940</u>	<u>\$ 6,140</u>	<u>\$ 94,080</u>	<u>\$ 2,408,611</u>	<u>\$ 1,568,877</u>

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



**INTERNATIONAL INSTITUTE ON RACE, EQUALITY AND HUMAN RIGHTS**  
**STATEMENT OF CASH FLOWS**  
**Year Ended December 31, 2019**  
**(With Comparative Totals for 2018)**

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Changes in net assets	\$ 321,302	\$ 56,462
Reconciling adjustments:		
Depreciation	407	510
Changes in operating assets and liabilities		
Grants receivable and promises to give	(208,298)	(63,025)
Other receivables and advances	73	1,688
Prepaid expenses	(6,187)	(1,732)
Accounts payable and accrued expenses	40,949	2,055
Refundable advances	(49,904)	49,725
Deferred rent	<u>(6,219)</u>	<u>4,624</u>
Net cash provided by operating activities	92,123	50,307
Cash and cash equivalents, beginning of year	<u>137,463</u>	<u>87,156</u>
Cash and cash equivalents, end of year	<u><u>\$ 229,586</u></u>	<u><u>\$ 137,463</u></u>

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

**INTERNATIONAL INSTITUTE ON RACE, EQUALITY AND HUMAN RIGHTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2019**

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**1. Organization**

International Institute on Race, Equality and Human Rights (the Organization) is a nonprofit, non-stock corporation incorporated in the District of Columbia in November 2014. The Organization is an international, human rights capacity-building organization that works side by side with activists in Latin America to enhance their ability to promote and protect the human rights of marginalized and vulnerable people who suffer from discrimination based on their national or ethnic origin, sexual orientation, or gender identity.

**2. Summary of Significant Accounting Policies**

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

**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 the Organization's management and the board of directors.

**Net assets with donor restrictions:** 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.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing services. Non-operating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

**INTERNATIONAL INSTITUTE ON RACE, EQUALITY AND HUMAN RIGHTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2019**

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**2. Summary of Significant Accounting Policies (continued)**

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization considers all short-term interest bearing, highly liquid investments with original maturities less than 90 days to be cash equivalents.

Financial Risk

The Organization maintains its cash in bank deposit accounts, which at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant financial risk on cash.

Grants and Promises to Give

Grants and promises to give are carried at the original amount less an estimate made for doubtful accounts based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using the historical experience applied to an aging of accounts. Promises to give are written off when deemed uncollectible.

Property and Equipment

Property and equipment purchases are capitalized at cost and depreciated on a straight-line basis over their estimated lives. The Organization capitalizes all property and equipment purchased with a cost of \$1,000 or more.

**INTERNATIONAL INSTITUTE ON RACE, EQUALITY AND HUMAN RIGHTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2019**

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**2. Summary of Significant Accounting Policies (continued)**

Revenue and Revenue Recognition

A portion of the Organization's revenue is derived from cost-reimbursable federal grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Receivables related to grants awards are recorded to the extent unreimbursed expenses have been incurred for the purposes specified by an approved grant. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

Non-federal grants that are with or without donor restrictions are recorded as grant revenue in the year notification is received from the donor. Grants with donor restrictions are recognized as support without restriction only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

Contributions received and unconditional promises to give are measured at their fair values and are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Functional Allocation of Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the statement of activity. Accordingly, most costs have been allocated directly to programs and supporting services benefited. Such allocations are determined by management on an equitable basis. Salary expenses are allocated based on employee timesheets. Allowable fringe benefits are allocated based on salary expenses. Allowable overhead costs are allocated based on modified total direct costs. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and management of the Organization.

**INTERNATIONAL INSTITUTE ON RACE, EQUALITY AND HUMAN RIGHTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2019**

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**2. Summary of Significant Accounting Policies (continued)**

Income Taxes

The Organization is generally exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, though it is subject to tax on income unrelated to its exempt purpose unless that income is otherwise excluded by the Code. In addition, the Organization qualifies for charitable contribution deductions and has been classified as an organization that is not a private foundation.

No provision for income taxes is required for the year ended December 31, 2019. The tax years ended December 31, 2016 through 2018 remain open for review for both federal and state purposes, and they have not been extended beyond the applicable statute of limitations.

Uncertainty in Income Taxes

The Organization has processes in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

New Accounting Pronouncements – Adopted

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09 (as amended by ASU 2015-14), *Revenue from Contracts with Customers*, which provides a single comprehensive accounting standard for revenue recognition for contracts with customers and supersedes current industry-specific guidance. ASU 2014-09 is effective for annual reporting periods beginning after December 15, 2018. The Organization adopted the standard as of and for the year ended December 31, 2019, using a modified retrospective method with no effect on net assets.

The FASB also issued ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This guidance clarifies how entities will determine whether to account for a transfer of assets (or a reduction, settlement or cancellation of a liability) as an exchange transaction or a contribution and how they will determine whether a contribution is conditional. ASU 2018-08 is effective for annual reporting periods beginning after December 15, 2018. The Organization adopted the standard as of and for the year ended December 31, 2019, using a modified prospective basis with no effect on net assets.

**INTERNATIONAL INSTITUTE ON RACE, EQUALITY AND HUMAN RIGHTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2019**

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**2. Summary of Significant Accounting Policies (continued)**

New Accounting Pronouncements – Future Periods

In February 2016, the FASB issued ASU 2016-02, *Leases*, which requires a lessee to recognize a right-of-use (“ROU”) assets and lease liability on the balance sheet for most lease contracts (which include those leases that are currently classified as operating leases under the current accounting standard). Additional disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from lease contracts. The standard will be effective for the Organization beginning January 1, 2022.

The Organization is currently evaluating the impact of the new standards on the financial statements.

Subsequent Events

Management has evaluated subsequent events through August 24, 2020, the date which the financial statements were available to be issued. On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which may negatively impact change in net assets and future operations. The Organization is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the full impact to the Organization’s financial position is not known.

**INTERNATIONAL INSTITUTE ON RACE, EQUALITY AND HUMAN RIGHTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2019**

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**3. Availability and Liquidity**

The following reflects the Organization's financial assets at December 31, 2019, reduced by amounts not available for general use within one year of the statement of financial position date because of donor imposed restrictions:

Financial assets at December 31, 2019	
Cash and cash equivalents	\$ 229,586
Grants and contributions receivable	283,400
Other receivables and advances	<u>4,027</u>
Total financial assets	517,013
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>(336,192)</u>
Financial assets available to meet cash needs for	
general expenditures within one year	<u>\$ 180,821</u>

The Organization's goal is generally to maintain financial assets to meet 45 days of operating expenses. As part of the Organization's liquidity plan, excess cash is invested in short-term investments.

**4. Disaggregation of Revenue**

The Organization disaggregate revenue by revenue stream and customer-type.

Grants	
U.S. Government	\$ 2,343,283
International Organization	224,472
Private Foundation	<u>150,000</u>
	<u>2,717,755</u>
Contracts and other income	
Non-government	<u>12,158</u>
Total	<u>\$ 2,729,913</u>

**INTERNATIONAL INSTITUTE ON RACE, EQUALITY AND HUMAN RIGHTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2019**

**5. Grants and Contributions Receivable**

Grants and contributions receivable consist of the following as of December 31, 2019:

Amounts due in:	
Less than one year	\$ 209,121
One to five years	<u>75,430</u>
	\$ 284,551
Less: discount to net present value	<u>(1,151)</u>
Contributions receivable, net	<u><u>\$ 283,400</u></u>

The discount rate used was risk-free rate (3-month treasury bill rate), which was 1.55% as of December 31, 2019. No allowance for uncollectible grants and contributions receivable has been recorded, as all amounts are deemed fully collectible.

**6. Property and Equipment**

A summary of property and equipment at December 31, 2019, is as follows:

	<u>Estimated Useful Lives</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Depreciation Expense</u>
Furniture and fixtures	5 years	<u>\$ 3,411</u>	<u>\$ (1,781)</u>	<u>\$ 1,630</u>	<u>\$ 407</u>

**7. Operating Leases**

The Organization occupies office space in Washington, D.C. under a non-cancelable operating lease that expires on April 30, 2021. The Organization has a right to terminate the lease at the end of the second lease year. In addition, the Organization leases office space in Geneva, Switzerland, through May 31, 2021.

Total future minimum lease payments under the operating leases at December 31, 2019, are as follows:

Year ending December 31, 2020	\$ 136,000
2021	<u>46,600</u>
	<u><u>\$ 182,600</u></u>

Rent expense for the year ended December 31, 2019, was \$110,188.



**INTERNATIONAL INSTITUTE ON RACE, EQUALITY AND HUMAN RIGHTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2019**

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**8. Retirement Plan**

The Organization has established a tax-deferred retirement plan under Section 403(b) of the Internal Revenue Code. Employees who attained age 21 and work 20 hours or more per week are eligible to participate in the Plan. The Organization contributes 6% of each plan participant's compensation. The Organization may make additional discretionary contributions. All contributions are immediately fully vested. Pension expense was approximately \$37,500 for the year ended December 31, 2019.

**9. Major Grantor**

The Organization was substantially funded by grants from the U.S. Government; a reduction in funding from the U.S. Government would have a significant impact on the operations of the Organization. Revenue from U.S. Government grants for the year ended December 31, 2019, was approximated 86% of total revenue.

**10. Contingencies**

The Organization participates in a number of federally funded grant programs, which are subject to financial and compliance audits by federal agencies or their representatives. Management does not anticipate any significant adjustments as a result of such audits.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors  
International Institute on Race, Equality and Human Rights

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 International Institute on Race, Equality and Human Rights (the Organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 24, 2020.

**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) 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 our opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 may exist that have not been identified.

## **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 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 the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The image shows a handwritten signature in cursive script that reads "Rubins & Company". The signature is written in black ink and is positioned above the typed name and date.

Bethesda, Maryland  
August 24, 2020

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

To the Board of Directors  
International Institute on Race, Equality and Human Rights

### **Report on Compliance for Each Major Federal Program**

We have audited International Institute on Race, Equality and Human Rights' (the Organization) compliance with the types of compliance requirements described 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, 2019. The Organization's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

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

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for the Organization's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the 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 the Organization'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 the Organization's compliance.

#### ***Opinion on Each Major Federal Program***

In our opinion, International Institute on Race, Equality and Human Rights 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, 2019.

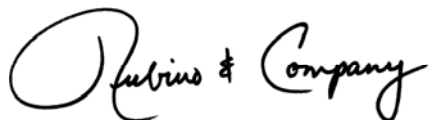
## Report on Internal Control Over Compliance

Management of the Organization 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 the Organization'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 the Organization'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.

The image shows a handwritten signature in black ink that reads "Rubins & Company". The signature is written in a cursive, flowing style.

Bethesda, Maryland  
August 24, 2020

**INTERNATIONAL INSTITUTE ON RACE, EQUALITY AND HUMAN RIGHTS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended December 31, 2019**

<b>Federal Grantor/Pass-Through Grantor</b>	<b>CFDA #</b>	<b>Pass-through Entity Identification Number</b>	<b>Federal Expenditures</b>	<b>Subawards</b>
<u>Program Title</u>				
<b>U.S. Department of State</b>				
<u>Direct Award</u>				
Bureau of Democracy Human Rights and Labor (DRL):				
International Programs to Support Democracy, Human Rights and Labor - Nicaragua	19.345		\$ 716,126	\$ -
International Programs to Support Democracy, Human Rights and Labor - LGBTI	19.345		367,841	-
International Programs to Support Democracy, Human Rights and Labor - Cuba	19.345		367,777	-
International Programs to Support Democracy, Human Rights and Labor - Cuba Human Rights	19.345		289,607	-
International Programs to Support Democracy, Human Rights and Labor - Cuba Justice	19.345		89,408	-
Bureau of Western Hemisphere Affairs Afro-Panama Population	19.750		174,401	-
<u>Pass-through from National Endowment for Democracy:</u>				
International Programs to Support Democracy, Human Rights and Labor	19.345	2018-290	44,201	-
International Programs to Support Democracy, Human Rights and Labor	19.345	2019-0263	<u>254,659</u>	<u>-</u>
<b>Total U.S. Department of State</b>			<u>2,304,020</u>	<u>-</u>
<b>U.S. Agency for International Development</b>				
<u>Direct Award</u>				
Exposing Gender Disparities: The Human Rights Situation of Women in Cuba		7200AA19CA00032	<u>39,263</u>	<u>-</u>
<b>Total U.S. Agency for International Development</b>			<u>39,263</u>	<u>-</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 2,343,283</u>	<u>\$ -</u>

**INTERNATIONAL INSTITUTE ON RACE, EQUALITY AND HUMAN RIGHTS**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended December 31, 2019**

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**A. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of International Institute on Race, Equality and Human Rights (the Organization) under programs of the federal government for the year ended December 31, 2019. 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 principal estimates and assumptions used in the preparation of the accompanying schedule relate to cost allowability and allocability (Note B). Actual results could differ from those estimates.

**B. Federal Audits**

The allowability of certain costs under government grants is subject to audit by the contracting agency. Certain indirect costs charged to grants are subject to revisions based on government audits of those costs. Management believes that contract costs are consistent with applicable government cost principles, and that costs subsequently disallowed, if any, upon audit by the government would not be material.

**C. Summary of Significant Accounting Policies**

Expenditures reported on the schedule of expenditures of federal awards 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.

**D. Indirect Cost Rate**

The Organization has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**INTERNATIONAL INSTITUTE ON RACE, EQUALITY AND HUMAN RIGHTS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended December 31, 2019**

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**SECTION A – SUMMARY OF AUDITORS’ RESULTS**

*Financial Statements*

	Unmodified	
Type of auditors’ report issued:		
Internal control over financial reporting:		
• Material weakness(es) identified?	_____ Yes	___ <u>X</u> ___ No
• Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	___ <u>X</u> ___ None reported
Noncompliance material to financial statements noted?	_____ Yes	___ <u>X</u> ___ No

*Federal Awards*

Internal control over major programs:		
• Material weakness(es) identified?	_____ Yes	___ <u>X</u> ___ No
• Significant deficiencies identified that are not considered to be material weakness(es)?	_____ Yes	___ <u>X</u> ___ None reported
Type of auditors’ report issued on compliance for major federal programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ Yes	___ <u>X</u> ___ No

Identification of major programs:

	<u>CFDA No.</u>	<u>Expenditures</u>
U.S. Department of State International Programs to Support Democracy, Human Rights and Labor	19.345	\$ 2,129,619
Dollar threshold used to distinguish between Type A and type B programs	\$750,000	
Auditee qualified as low-risk auditee?	___ <u>X</u> ___ Yes	_____ No



**INTERNATIONAL INSTITUTE ON RACE, EQUALITY AND HUMAN RIGHTS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended December 31, 2019**

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**SECTION B – FINANCIAL STATEMENT FINDINGS**

None reported

**SECTION C – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None reported

**INTERNATIONAL INSTITUTE ON RACE, EQUALITY AND HUMAN RIGHTS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended December 31, 2019**

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This schedule is not applicable as there were no prior audit findings.