

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

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

Year Ended December 31, 2022

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of International Institute on Race, Equality and Human Rights (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of International Institute on Race, Equality and Human Rights as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. 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 International Institute on Race, Equality and Human Rights and to meet our other ethical responsibilities, in accordance with the 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 audit opinions.

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 International Institute on Race, Equality and Human Rights' 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 generally accepted auditing standards 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 generally accepted auditing standards 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 International Institute on Race, Equality and Human Rights' 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 International Institute on Race, Equality and Human Rights' 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.

Supplementary 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 Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the supplemental schedule of indirect cost rate are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the

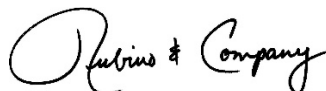
schedule of expenditures of federal awards and the schedule of indirect cost rates are fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Organization’s December 31, 2021, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 5, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2023, on our consideration of International Institute on Race, Equality and Human Rights’ 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 International Institute on Race, Equality and Human Rights’ 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 International Institute on Race, Equality and Human Rights’ internal control over financial reporting and compliance.



June 30, 2023
Bethesda, Maryland

INTERNATIONAL INSTITUTE ON RACE, EQUALITY AND HUMAN RIGHTS
STATEMENT OF FINANCIAL POSITION
December 31, 2022
(With Comparative Totals for 2021)

Management and general	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 522,351	\$ 431,308
Grants receivable and promises to give	140,524	176,529
Other receivables and advances	12,103	7,370
Prepaid expenses	6,588	2,995
Property and equipment, net	834	1,043
Operating right-of-use asset, net	700,175	-
Security deposits	13,205	13,205
Total assets	\$ 1,395,780	\$ 632,450
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 102,814	\$ 65,819
Refundable advances	222,269	83,864
Deferred rent	-	52,785
Operating lease liability	762,416	-
Total liabilities	1,087,499	202,468
Net assets		
Without donor restrictions	26,328	55,355
With donor restrictions	281,953	374,627
Total net assets	308,281	429,982
Total liabilities and net assets	\$ 1,395,780	\$ 632,450

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, 2022
(With Comparative Totals for 2021)

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>2022</u> <u>Total</u>	<u>2021</u> <u>Total</u>
Support and revenue				
Grants and contracts				
Government	\$ 4,726,530	\$ -	\$ 4,726,530	\$ 3,098,602
Non-government	4,000	200,000	204,000	400,000
Other income	9,635	-	9,635	6,912
Net assets released from restrictions	<u>292,674</u>	<u>(292,674)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>5,032,839</u>	<u>(92,674)</u>	<u>4,940,165</u>	<u>3,505,514</u>
Expenses				
Program services	4,413,764	-	4,413,764	3,034,931
Management and general	647,698	-	647,698	303,911
Fundraising	<u>404</u>	<u>-</u>	<u>404</u>	<u>-</u>
Total expenses	<u>5,061,866</u>	<u>-</u>	<u>5,061,866</u>	<u>3,338,842</u>
Change in net assets	(29,027)	(92,674)	(121,701)	166,672
Net assets, beginning of year	<u>55,355</u>	<u>374,627</u>	<u>429,982</u>	<u>263,310</u>
Net assets, end of year	<u>\$ 26,328</u>	<u>\$ 281,953</u>	<u>\$ 308,281</u>	<u>\$ 429,982</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, 2022
(With Comparative Totals for 2021)

	Program <u>Services</u>	Support Services		2022 <u>Total</u>	2021 <u>Total</u>
		<u>Management and General</u>	<u>Fundraising</u>		
Salaries and benefits	\$ 1,274,978	\$ 125,141	\$ 404	\$ 1,400,523	\$ 1,241,363
Professional fees	1,632,405	175,525	-	1,807,930	1,251,849
Subgrant	491,100	-	-	491,100	319,600
Occupancy	28,286	166,725	-	195,010	159,117
Communications	1,218	53,186	-	54,404	50,015
Supplies and equipment	5,681	29,501	-	35,181	28,283
Equipment rental	1,996	-	-	1,996	8,391
Travel and related expenses	804,851	30,798	-	835,649	203,621
Conferences, conventions, and meetings	109,586	11,985	-	121,571	38,233
Printing and publications	14,658	511	-	15,169	4,961
Subscription, dues and publications	100	2,282	-	2,382	3,000
Depreciation	-	209	-	209	261
Other expenses	48,906	51,836	-	100,742	30,148
	<u>\$ 4,413,764</u>	<u>\$ 647,698</u>	<u>\$ 404</u>	<u>\$ 5,061,866</u>	<u>\$ 3,338,842</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, 2022
(With Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Changes in net assets	\$ (121,701)	\$ 166,672
Reconciling adjustments:		
Depreciation	209	261
Amortization of operating right-of-use asset	147,973	-
Changes in operating assets and liabilities		
Grants receivable and promises to give	36,005	(63,648)
Other receivables and advances	(4,733)	(4,104)
Prepaid expenses	(3,593)	10,624
Security deposits	-	(6,905)
Accounts payable and accrued expenses	36,995	15,912
Refundable advances	138,405	(55,618)
Operating lease liability	(138,517)	-
Deferred rent	-	48,919
	91,043	112,113
Net cash provided by operating activities	91,043	112,113
Cash and cash equivalents, beginning of year	431,308	319,195
Cash and cash equivalents, end of year	\$ 522,351	\$ 431,308

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, 2022

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. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature. For the year ended December 31, 2022, the organization had no nonoperating activities.

INTERNATIONAL INSTITUTE ON RACE, EQUALITY AND HUMAN RIGHTS
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

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, 2022

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, 2022

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, 2022. The tax years ended December 31, 2019 through 2021 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

On January 1, 2022, the Organization adopted the requirements of Accounting Standards Update (ASU) 2016-02, Leases (Topic 842). The objective of this ASU is to increase the transparency and comparability between organizations that enter into lease agreements. For lessees, the key difference of the new standard from the previous guidance (ASC 840) is the recognition of a right-of-use (ROU) asset and lease liability on the balance sheet. The most significant change is the requirement to recognize ROU assets and lease liabilities for leases previously classified as operating leases. The standard requires disclosures to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

As part of the transition to the new standard, the Organization was required to measure and recognize leases that existed at January 1, 2022 using a modified retrospective approach. For leases existing at the effective date, the Organization elected three transition practical expedients and therefore did not reassess whether an arrangement contains a lease, did not reassess lease classification, and did not reassess what qualified an initial direct cost. Additionally, the Organization elected, as a practical expedient, not to use hindsight for purposes of determining lease terms.

The adoption of ASC 842 resulted in the recognition of an operating ROU asset and operating lease liability of \$848,148 and \$900,933, respectively, as of January 1, 2022.

INTERNATIONAL INSTITUTE ON RACE, EQUALITY AND HUMAN RIGHTS
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

2. Summary of Significant Accounting Policies (continued)

Leases

At lease inception, the Organization determines whether an arrangement is or contains a lease. Operating leases are included in operating lease right-of-use (“ROU”) assets and operating lease liabilities in the financial statements. ROU assets represent the Organization’s right to use leased assets over the term of the lease. Lease liabilities represent the Organization’s contractual obligation to make lease payments over the lease term.

For operating leases, ROU assets and lease liabilities are recognized at the commencement date. The lease liability is measured as the present value of the lease payments owed over the life of the lease. The Organization uses the rate implicit in the lease if it is determinable. When the implicit rate is not determinable, the Organization uses its incremental borrowing rate at the commencement date of the lease to determine the present value of all future lease payments. Operating ROU assets are calculated as the present value of the of the remaining lease payments plus unamortized initial direct costs, plus any prepayments, less any unamortized lease incentives received. Lease terms may include renewal or extension options to the extent that they are reasonably certain to be exercised. The assessment of whether renewal or extension options are reasonably certain to be exercised is made at lease commencement. Factors considered in determining whether an option is reasonably certain of exercise include, but are not limited to, the value of any leasehold improvements, the value of renewal rates compared to market rates, and the presence of factors that would cause significant economic penalty to the Organization if the option were not exercised. Lease expense is recognized on a straight-line basis over the lease term. The Organization has elected not to record ROU assets and lease liabilities on its statement of financial position for lease arrangements with initial terms of 12 months or less.

Subsequent Events

Management has evaluated subsequent events through June 30, 2023, the date which the financial statements were available to be issued.

INTERNATIONAL INSTITUTE ON RACE, EQUALITY AND HUMAN RIGHTS
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

3. Availability and Liquidity

The following reflects the Organization’s financial assets at December 31, 2022, 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, 2022	
Cash and cash equivalents	\$ 522,351
Grants and contributions receivable	140,524
Other receivables and advances	<u>12,103</u>
Total financial assets	674,978
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>(281,953)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 393,025</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	\$ 4,726,530
Private Foundation	<u>200,000</u>
	<u>4,926,530</u>
Contracts and other income	
Non-government	<u>13,635</u>
Total	<u>\$ 4,940,165</u>

INTERNATIONAL INSTITUTE ON RACE, EQUALITY AND HUMAN RIGHTS
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

5. Grants and Contributions Receivable

Grants and contributions receivable are expected to be collected within one year. 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, 2022, is as follows:

	Estimated <u>Useful Lives</u>	<u>Cost</u>	Accumulated <u>Depreciation</u>	Net <u>Book Value</u>	Depreciation <u>Expense</u>
Furniture and fixtures	5 years	<u>\$ 3,411</u>	<u>\$ (2,577)</u>	<u>\$ 834</u>	<u>\$ 261</u>

7. Lease Commitments

The Organization occupies office space in Washington, D.C. under a non-cancelable operating lease that expires on July 30, 2027. Future lease payments under the lease at December 31, 2022 is as follows:

Year ending December 31, 2023	\$ 154,911
2024	161,107
2025	167,551
2026	190,319
2027	<u>114,389</u>
	788,277
Less: imputed interest	<u>(25,861)</u>
	<u>\$ 762,416</u>

The remaining lease term related to the operating leases was five years and the discount rate to Organization's operating lease was 1.365% as of December 31, 2022.

In addition, the Organization leases office spaces in Geneva, Switzerland, Brazil and Colombia under operating leases for terms less than 12 months.

There were no material restrictions or covenants imposed and the Organization has no related party leases at December 31, 2022.

INTERNATIONAL INSTITUTE ON RACE, EQUALITY AND HUMAN RIGHTS
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

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 \$63,900 for the year ended December 31, 2022.

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, 2022, was approximated 96% 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.

Supplemental Schedule

INTERNATIONAL INSTITUTE ON RACE, EQUALITY AND HUMAN RIGHTS
SUPPLEMENTAL SCHEDULE OF INDIRECT COST RATES
Year Ended December 31, 2022

Management and general

Total management and general expenses	\$ 647,698	
Adjustment	<u>(3,432)</u>	(A)
Adjusted management and general expenses	<u>\$ 644,266</u>	
Total direct Costs	\$ 4,413,764	
Adjustment	<u>(405,700)</u>	(B)
Adjusted direct costs	<u>\$ 4,008,064</u>	
Actual indirect rate	<u>16.07%</u>	

Fringe benefits

Total fringe benefits	<u>\$ 315,499</u>	
Total salaries and wages excluding fringe benefits	<u>\$ 1,085,024</u>	
Actual fringe benefits rate	<u>29.08%</u>	

(A) Expenses covered by credit card reward (other income)

(B) Subawards in excess of the first \$25,000



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, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 30, 2023.

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.

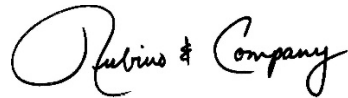
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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.

A handwritten signature in cursive script that reads "Rubins & Company". The signature is written in black ink and is positioned to the left of the company name text.

Bethesda, Maryland
June 30, 2023



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL 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

Opinion on Each Major Federal Program

We have audited International Institute on Race, Equality and Human Rights' 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 each of International Institute on Race, Equality and Human Rights' major federal programs for the year ended December 31, 2022. International Institute on Race, Equality and Human Rights' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, International Institute on Race, Equality and Human Rights complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 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 International Institute on Race, Equality and Human Rights 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 each major federal program. Our audit does not provide a legal determination of International Institute on Race, Equality and Human Rights' 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 International Institute on Race, Equality and Human Rights' federal programs.

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 above occurred, whether due to fraud or error, and express an opinion on International Institute on Race, Equality and Human Rights' 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 above 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 International Institute on Race, Equality and Human Rights' compliance with the requirements of each 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 International Institute on Race, Equality and Human Rights' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of International Institute on Race, Equality and Human Rights' 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 International Institute on Race, Equality and Human Rights' internal control over compliance. Accordingly, no such opinion is expressed.

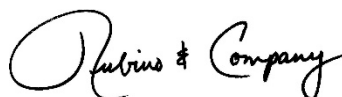
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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 above 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.

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.



Bethesda, Maryland
June 30, 2023

INTERNATIONAL INSTITUTE ON RACE, EQUALITY AND HUMAN RIGHTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2022

Federal Grantor/Pass-Through Grantor Program Title	Federal Assistance Listing Number	Pass-through Entity Identification Number	Federal Expenditures	Subawards
U.S. Department of State				
<u>Direct Award</u>				
Bureau of Democracy Human Rights and Labor (DRL):				
International Programs to Support Democracy, Human Rights and Labor - LGBTI	19.345		\$ 578,290	\$ -
International Programs to Support Democracy, Human Rights and Labor - Cuba Justice	19.345		544,214	-
International Programs to Support Democracy, Human Rights and Labor - Cuba	19.345		402,899	-
International Programs to Support Democracy, Human Rights and Labor - LAC HR Consortium	19.345		1,424,906	416,100
promote religious tolerance and reducing violence and discrimination - Brazil.	19.345		346,187	60,000
<u>Pass-through from National Endowment for Democracy:</u>				
International Programs to Support Democracy, Human Rights and Labor	19.345	2020-0658	33,497	-
Strengthening the Capacity of Human Rights Defenders to Promote and Protect their Rights before the UN System and the OAS	19.345	2021-11535	163,894	-
Promoting Civil Society Coalition-Building to Strengthen Human Rights Systems and Ensure Government Accountability	19.345	2022-0065	201,393	-
Raising International Awareness and Seeking the Release of Political Prisoners	19.345	2022-0077	135,561	-
Strengthening Human Rights Advocacy at the UN and European Union	19.345	2022-0743	81,851	-
Strengthen the capacity of Afro descendant organizations to advance racial justice in LAC	19.345	SAQMIP22GR0063	93,337	-
Strengthen the capacity of independent Cuban CSOs to advance civil and political rights on island and increase accountability of Cuban officials for human rights violations	19.345	SAQMIP22GR0356	17,129	-
Total International Programs to Support Democracy Bureau of Western Hemisphere Affairs			4,023,158	-
Cuba	19.750		101,255	-
Total U.S. Department of State			<u>4,124,413</u>	<u>476,100</u>

See accompanying notes to schedule of expenditures of federal awards.

INTERNATIONAL INSTITUTE ON RACE, EQUALITY AND HUMAN RIGHTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2022

Federal Grantor/Pass-Through Grantor Program Title	Federal Assistance Listing Number	Pass-through Entity Identification Number	Federal Expenditures	Subawards
U.S. Agency for International Development				
<u>Direct Award</u>				
Exposing Gender Disparities: The Human Rights				
Situation of Women in Cuba	98.001		145,092	15,000
Human Rights Violations & Historically Marginalized				
groups in post-Protest Cuba	98.001		<u>457,025</u>	<u>-</u>
Total U.S. Agency for International Development			<u>602,117</u>	<u>15,000</u>
Total Expenditures of Federal Awards			<u>\$ 4,726,530</u>	<u>\$ 491,100</u>

See accompanying notes to schedule of expenditures of federal awards.

INTERNATIONAL INSTITUTE ON RACE, EQUALITY AND HUMAN RIGHTS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2022

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, 2022. 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). Because the Schedule presents only a selected portion of the operations of International Institute on Race, Equality and Human Rights, it is not intended to and does not present the financial position, changes in net assets, or cash flows of International Institute on Race, Equality and Human Rights.

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 not 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, 2022

SECTION A – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

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

Federal Awards

Internal control over major programs:		
• Material weakness(es) identified?	_____ Yes	___X___ No
• Significant deficiencies identified that are not considered to be material weakness(es)?	_____ Yes	___X___ 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	___X___ No

Identification of major programs:

	<u>Federal Assistance Listing Number</u>	<u>Expenditures</u>
U.S. Department of State International Programs to Support Democracy, Human Rights and Labor	19.345	\$ 4,023,158
Dollar threshold used to distinguish between Type A and type B programs	\$750,000	
Auditee qualified as low-risk auditee?	___X___ Yes	_____ No

**INTERNATIONAL INSTITUTE ON RACE, EQUALITY AND HUMAN RIGHTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2022**

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, 2022**

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