

October 13, 2021

Audit Committee  
Women's Business Enterprise National Council, Inc.

We have audited the financial statements of the Women's Business Enterprise National Council, Inc. (WBENC) for the year ended December 31, 2020, and will issue our report thereon dated October 13, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of the audit. We have communicated such information in our email to Shelly Van Treeck, Audit Committee Chair, on July 19, 2021. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Matters

#### *Qualitative Aspects of Accounting Practices*

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

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

- The collectability of accounts and contributions receivable, and
- The allocation of functional expenses which is based primarily on salary allocations.

We evaluated the key factors and assumptions used to develop the above estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosure of liquidity and availability of resources in Note 2 to the financial statements.
- The disclosure of conditional contribution and refundable advance in Note 8 to the financial statements.
- The disclosure of payments to the RPOs and related party transactions in Note 13 to the financial statements.
- The disclosure of subsequent events in Note 17 to the financial statements.

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

*Difficulties Encountered in Performing the Audit*

For the second consecutive year, we encountered delays (due to WBENC's staffing situation and due to COVID) in receiving audit schedules at the start of fieldwork and delays in receiving supporting documents to support our audit work, resulting in inefficiencies and delays in completing our work.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule shows the misstatements of the financial statements identified as a result of audit procedures, and corrected by management.

*Disagreements with Management*

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

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated October 13, 2021.

*Management Consultations with Other Independent Accountants*

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

*Other Audit Findings or Issues*

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

In addition, we are highlighting the following new accounting standards, which may affect your financial statements over the next few years.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The standard also requires lessors to treat a lease as a sale if it transfers all of the risks and rewards, as well as control of the underlying asset, to the lessee. If risks and rewards are conveyed without the transfer of control, an operating lease results. The guidance is effective for fiscal

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years beginning after December 15, 2021. Although this standard will apply primarily to office space leases, all equipment leases, such as copiers, etc., should be evaluated under the standard to determine if the effect is material.

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

Very truly yours,

A handwritten signature in cursive script that reads "Councilor, Buchanan & Mitchell, P.C.".

Councilor, Buchanan & Mitchell, P.C.

Account	Description	Debit	Credit
<b>CORRECTED MISSTATEMENTS</b>			
<b>Adjusting Journal Entries JE # 1</b>			
To move registration fees from current revenue to deferred revenue for 2020 S+S registrants who did not respond about whether to refund, defer, or donate their paid registration fees.			
4200-800-80-0-0	General Contributions-Salute-Events-Cash-Unrestric	73,850	
2093-000-00-0-0	Deferred Revenue, Other		73,850
<b>Total</b>		<b>73,850</b>	<b>73,850</b>
<b>Adjusting Journal Entries JE # 2</b>			
To adjust 2020 bonus accrual.			
6000-230-20-0-0	Salaries-Human Resources-Finance an-Cash-Unrestric	17,000	
2020	Accrued Expenses		17,000
<b>Total</b>		<b>17,000</b>	<b>17,000</b>
<b>Adjusting Journal Entries JE # 3</b>			
To write off prepaids that no longer have value from changed/postponed events.			
6119-430-40-0-0	Other Event Prof-Business -Programs-Cash-Unrestric	16,025	
6120-430-40-0-0	Food & Beverage-Business S-Programs-Cash-Unrestric	1,469	
6132-430-40-0-0	Event Audio Visu-Business -Programs-Cash-Unrestric	2,847	
6152-430-40-0-0	Event Non-Staff -Business -Programs-Cash-Unrestric	9,461	
6351-490-40-0-0	Staff-Travel Air-Other Pro-Programs-Cash-Unrestric	69	
6357-430-40-0-0	Non-Staff (Non-p-Business -Programs-Cash-Unrestric	4,753	
1300-000-00-0-0	Prepaid Expense-Balance S-Finance a-Cash-Unrestric		34,624
<b>Total</b>		<b>34,624</b>	<b>34,624</b>
<b>Adjusting Journal Entries JE # 4</b>			
To write off sunk costs in prepaids.			
6111-810-80-0-0	Event Management-Women In Bu-Events-Cash-Unrestric	30,000	
6151-800-80-0-0	Event Staff Travel-Salute-Events-Cash-Unrestricted	1,341	
6152-800-80-0-0	Event Non-Staff Trave-Salute-Events-Cash-Unrestric	423	
6301-800-80-0-0	Technology Fees-Salute-Events-Cash-Unrestricted	1,183	
6351-500-50-0-0	Staff-Travel Ai-Membershi-Membershi-Cash-Unrestric	395	
6351-800-80-0-0	Staff-Travel Airfare-Salute-Events-Cash-Unrestric	1,030	
6351-810-80-0-0	Staff-Travel Airfa-Women In -Events-Cash-Unrestric	811	
6353-800-80-0-0	Staff Travel Meals-Salute-Events-Cash-Unrestricted	115	
6354-800-80-0-0	Staff Travel-Incident-Salute-Events-Cash-Unrestric	172	
1300-000-00-0-0	Prepaid Expense-Balance S-Finance a-Cash-Unrestric		35,470
<b>Total</b>		<b>35,470</b>	<b>35,470</b>

**Adjusting Journal Entries JE # 5**

PBC entry (received after start of audit) to reclass Women of Color funds to proper cost center.

4200-490-40-0-0	General Contributions-Other Progra-Programs-Cash-U	35,000	
4200-470-40-0-0	Contributions, Women of Color, Unrestricted		10,892
4200-470-40-0-1	General Contributions- Women of Color, Temp Restri		24,108
<b>Total</b>		<u><b>35,000</b></u>	<u><b>35,000</b></u>

**Adjusting Journal Entries JE # 6**

PBC entry (received after start of audit) to reclass the portion of Hilton's \$50k payment that is to be applied to 2021 Membership.

4900-490-40-0-0	Other Income-Other Program-Programs-Cash-Unrestric	10,500	
2090-000-00-0-0	Deferred Revenue, Membership		10,500
<b>Total</b>		<u><b>10,500</b></u>	<u><b>10,500</b></u>

**Adjusting Journal Entries JE # 7**

PBC entry (received after start of audit) to reverse bad debt since funds were collected on 5/3/2021.

1110-000-00-0-0	Allowance for d-Balance S-Finance a-Cash-Unrestric	8,500	
6550-500-50-0-0	Bad Debt-Membership-Membership & De-Cash-Unrestric		8,500
<b>Total</b>		<u><b>8,500</b></u>	<u><b>8,500</b></u>

**Adjusting Journal Entries JE # 8**

PBC entry (received after start of audit) to correct airline voucher usage that was inadvertently coded as a cash expense.

6351-300-30-1-0	Staff-Travel-Executive-Executive-NonCash-Unrestric	3,749	
6351-490-40-1-0	Staff-Travel -Other Pro-Programs-NonCash-Unrestric	684	
6351-300-30-0-0	Staff-Travel Ai-Executive-Executive-Cash-Unrestric		3,749
6351-490-40-0-0	Staff-Travel Air-Other Pro-Programs-Cash-Unrestric		684
<b>Total</b>		<u><b>4,433</b></u>	<u><b>4,433</b></u>

**Adjusting Journal Entries JE # 9**

To record the 2020 media sponsorships.

6114-610-60-1-0	Advertising-/Marketing-Marketing-NonCash-Unrestric	133,215	
4100-610-60-1-0	Sponsorship-Marketing-Marketing -NonCash-Unrestric		133,215
<b>Total</b>		<u><b>133,215</b></u>	<u><b>133,215</b></u>