

**CONFERENCE OF WESTERN
ATTORNEYS GENERAL**

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT**

**YEARS ENDED
JUNE 30, 2020 AND 2019**

CONFERENCE OF WESTERN ATTORNEYS GENERAL

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INDEPENDENT AUDITOR'S REPORT

**Board of Directors
Conference of Western Attorneys General
Elk Grove, California**

Report on the Financial Statements

We have audited the accompanying financial statements of Conference of Western Attorneys General (CWAG), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and of cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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 Conference of Western Attorneys General as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* 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 May 4, 2021, on our consideration of CWAG'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 CWAG'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 CWAG's internal control over financial reporting and compliance.

Gilbert CPAs

GILBERT CPAs
Sacramento, California

May 4, 2021

CONFERENCE OF WESTERN ATTORNEYS GENERAL

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,111,880	\$ 2,007,545
Accounts receivable	105,323	16,938
Employee advances	1,234	86
Prepaid expenses and deposits	<u>296,239</u>	<u>41,432</u>
TOTAL ASSETS	<u><u>\$ 2,514,676</u></u>	<u><u>\$ 2,066,001</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 290,277	\$ 1,046,481
Accrued expenses	63,264	65,547
Grant advance		91,823
Deferred revenue	<u>127,717</u>	<u>172,163</u>
Total liabilities	481,258	1,376,014
NET ASSETS - Without donor restrictions	<u>2,033,418</u>	<u>689,987</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,514,676</u></u>	<u><u>\$ 2,066,001</u></u>

CONFERENCE OF WESTERN ATTORNEYS GENERAL

STATEMENTS OF ACTIVITIES YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
REVENUES:		
Membership dues	\$ 431,220	\$ 453,774
Grants	1,832,824	1,491,116
Sponsorships	3,276,679	4,323,064
Meetings	17,525	282,938
Donations in-kind	306,633	505,400
Other income	<u>57,404</u>	<u>14,962</u>
Total revenues	<u>5,922,285</u>	<u>7,071,254</u>
EXPENSES:		
Program services:		
Annual meeting		2,566,048
Alliance Project	1,467,150	1,413,760
Chair initiative	199,689	
Other programs	<u>1,209,646</u>	<u>851,880</u>
Total program services	2,876,485	4,831,688
Supporting services:		
Management and general	<u>1,702,369</u>	<u>1,120,673</u>
Total expenses	<u>4,578,854</u>	<u>5,952,361</u>
INCREASE IN NET ASSETS	1,343,431	1,118,893
NET ASSETS (DEFICIT), Beginning of Year	<u>689,987</u>	<u>(428,906)</u>
NET ASSETS, End of Year	<u>\$ 2,033,418</u>	<u>\$ 689,987</u>

CONFERENCE OF WESTERN ATTORNEYS GENERAL

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2020

	Alliance Project Merida - Borders	Chair Initiative	Other Programs	Management and General	Total
Subcontractors	\$ 709,589		\$ 50,129	\$ 2,922	\$ 762,640
Salaries and wages	12,000		258,485	216,234	486,719
Payroll taxes and benefits	3,318			244,142	247,460
In-kind services	12,750			29,750	42,500
Total personnel costs	737,657		308,614	493,048	1,539,319
Travel	427,757	\$ 33,766	394,106	333,631	1,189,260
Professional fees	61,465	12,250	307,873	477,988	859,576
Food and beverage	138,644	112,878	58,706	124,690	434,918
Hotel and lodging		24,154	77,053	133,045	234,252
Computer and equipment	81,305	7,284	2,696	16,461	107,746
Sponsor appreciation		974	30,618	15,180	46,772
Telephone			628	14,336	14,964
Subscriptions, books and educational material	5,021		288	4,066	9,375
Meeting and events		4,771	127		4,898
Registration and conference				598	598
Other expenses	15,301	3,612	28,937	89,326	137,176
Total expenses	\$ 1,467,150	\$ 199,689	\$ 1,209,646	\$ 1,702,369	\$ 4,578,854

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

CONFERENCE OF WESTERN ATTORNEYS GENERAL

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2019

	Annual Meeting and Winter Dinner	Alliance Project Merida - Borders	Other Programs	Management and General	Total
Subcontractors		\$ 777,902	\$ 73,364	\$ 6,216	\$ 857,482
Salaries and wages	\$ 214,147	12,000	64,363	124,457	414,967
Payroll taxes and benefits		3,318		148,218	151,536
In-kind services		25,500		59,500	85,000
Total personnel costs	214,147	818,720	137,727	338,391	1,508,985
Travel	163,917	333,766	294,717	170,916	963,316
Professional fees	26,081	92,320	217,742	269,859	606,002
Food and beverage	1,098,281	63,102	72,933	91,345	1,325,661
Hotel and lodging	325,040	655	77,971	54,770	458,436
Computer and equipment	99,377	82,562	11,210	7,980	201,129
Sponsor appreciation	101,968			28,563	130,531
Telephone			7	17,411	17,418
Subscriptions, books and educational material		4,843	2,228	6,635	13,706
Meeting and events	443,120		15,796	1,638	460,554
Registration and conference	1,382			1,125	2,507
Other expenses	92,735	17,792	21,549	132,040	264,116
Total expenses	<u>\$ 2,566,048</u>	<u>\$ 1,413,760</u>	<u>\$ 851,880</u>	<u>\$ 1,120,673</u>	<u>\$ 5,952,361</u>

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

CONFERENCE OF WESTERN ATTORNEYS GENERAL

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 1,343,431	\$ 1,118,893
Reconciliation to net cash provided by operating activities:		
Changes in:		
Accounts receivable	(88,385)	(16,938)
Employee advances	(1,148)	10,904
Prepaid expenses and deposits	(254,807)	157,185
Accounts payable	(756,204)	783,149
Accrued expenses	(2,283)	(109,101)
Grant advance	(91,823)	(180,684)
Deferred revenue	<u>(44,446)</u>	<u>(1,276,992)</u>
Net cash provided by operating activities	104,335	486,416
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>2,007,545</u>	<u>1,521,129</u>
CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 2,111,880</u>	<u>\$ 2,007,545</u>

CONFERENCE OF WESTERN ATTORNEYS GENERAL

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of activities – Founded in 1982, the Conference of Western Attorneys General (CWAG) is a bipartisan group comprised of the chief legal officers of 15 western states and three Pacific territories. CWAG provides a forum for the chief legal officers of member states and jurisdictions to cultivate knowledge, cooperate on concerns, and coordinate actions which improve the quality of legal services available to members. CWAG focuses on common areas of interest and issues of regional and national interest that bear upon the duties of the member attorneys general.

Alliance Project Merida–Borders – CWAG’s Alliance Project provides assistance to Mexican state institutions, in their constitutionally-mandated adoption of criminal justice reforms, in transitioning to an oral advocacy justice system. Utilizing CWAG’s members, the chief law enforcement officers and the vast human and institutional resources within those state Attorney General Offices collaborate with the Attorneys General of another 22 U.S. states and territories, and with a broad array of other governmental, law enforcement, and judicial agencies, as well as academic and private partners. Drawing on this pool of talent, resources, and experience, CWAG is able to offer its colleagues in Mexican state law enforcement an insider’s view of the oral advocacy process.

Annual meeting – CWAG plans and sponsors an annual conference that is attended by Attorneys General and their staff from within CWAG’s region, from across the country, and also receives international exposure with participation from both Canadian and Mexican Attorneys General. The topics include many issues addressing new and upcoming legislation in areas such as Indian gaming, energy, water law, Endangered Species Act, technology, privacy, and antitrust.

Chair initiative – CWAG’s chair initiative program is led by the current Board Chair and focuses on varying topics from water law, energy, money laundering, and most currently, data security and privacy. Attendance at these meetings range in size from 75 to 150 attendees. The program brings together both public and private sector professionals in an effort to exchange views and address issues that are of concern to the Attorneys General offices.

Basis of accounting and financial statement presentation – The financial statements are prepared on the accrual basis of accounting and in conformity with professional standards applicable to not-for-profit entities. CWAG reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Revenue recognition – Contributions, including sponsorships, are recognized in full when received or unconditionally promised, in accordance with professional standards. All contributions are considered available for unrestricted use unless specifically restricted by donors for future periods or specific purposes. Donor-restricted amounts are reported as increases in net assets with donor restrictions. Net assets with donor restrictions become unrestricted and are reported in the statements of activities as net assets released from restrictions when the time restrictions expire, or the contributions are used for the restricted purpose. Restricted contributions whose restrictions are met in the same reporting period are reported as revenue within net assets without donor restrictions. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

CONFERENCE OF WESTERN ATTORNEYS GENERAL

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

CWAG receives certain government grants which limit spending to qualifying expenditures as defined in grant agreements. Amounts received in advance of incurrence of qualifying expenditures are reported as grant advances in the statements of financial position. Outstanding conditional promises to give subject to qualifying expenditure requirements were \$777,397 as of June 30, 2020, and will be recognized as revenue as the conditions are met.

CWAG's revenue from contracts with customers consists of membership dues and meetings revenue. Refer to Note 6 for accounting policies and additional details regarding revenue from contracts with customers.

Cash and cash equivalents – For financial statement purposes, CWAG considers all investments with a maturity at purchase of three months or less to be cash equivalents.

Donated services – CWAG receives various types of volunteer services. Contributed services are not recognized unless the services received (a) create or enhance non-financial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. For the years ended June 30, 2020 and 2019, total in-kind donations consist of the following:

	<u>2020</u>	<u>2019</u>
Personnel services	\$ 42,500	\$ 85,000
Legal services	264,000	400,400
Other	<u>133</u>	<u>20,000</u>
	<u>\$ 306,633</u>	<u>\$ 505,400</u>

Income taxes – CWAG is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. Accordingly, the financial statements do not reflect any provision for income taxes. CWAG has applied the accounting principles related to accounting for uncertainty in income taxes and has determined that there is no material impact on the financials. With some exceptions, CWAG is no longer subject to U.S. federal and state income tax examinations by tax authorities for years prior to 2016.

Functional allocation of expenses – The costs of providing the programs and supporting services have been summarized on a functional basis in the statements of activities and of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel costs, which are allocated to programs and supporting services on the basis of periodic time and expense studies. All other expenses are allocated directly or based on estimates of usage made by management.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CONFERENCE OF WESTERN ATTORNEYS GENERAL

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

Recent accounting pronouncements – In May 2014, the Financial Accounting Standards Board (FASB) issued Topic 606, *Revenue from Contracts with Customers* (Topic 606). The new accounting standard develops a common standard that will remove inconsistencies in revenue requirements, improve comparability of revenue recognition practices, provide more useful information to users of financial statements and simplify the preparation of financial statements. CWAG has implemented Topic 606 effective July 1, 2019 for all contracts with no effect on beginning net assets.

In June 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, Topic 958, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new accounting standard clarifies and improves the guidance for (1) evaluating whether transactions should be accounted for as contributions within the scope of Topic 958 or as exchange transactions subject to other guidance and (2) determining whether a contribution is conditional. CWAG has implemented this accounting standard in the accompanying financial statements effective July 1, 2019 under the modified prospective basis for all transactions for which they serve as the resource recipient. Accordingly, there is no effect on beginning net assets in connection with the implementation of ASU 2018-08.

Subsequent events have been evaluated through May 4, 2021, the date the financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2020 that require recognition or disclosure in the financial statements.

Reclassification – Certain 2019 amounts have been reclassified to conform to the 2020 financial statement presentation.

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

At June 30, 2020 CWAG had \$2,217,203 of financial assets available within one year of the statement of financial position date for general expenditures, consisting of cash and cash equivalents of \$2,111,880 and accounts receivable of \$105,323.

At June 30, 2019 CWAG had \$1,932,660 of financial assets available within one year of the statement of financial position date for general expenditures, consisting of cash and cash equivalents of \$2,007,545 and accounts receivable of \$16,938, offset by \$91,823 of grant advances received as of June 30, 2019 that are restricted for use in CWAG's federally funded Criminal Justice Systems program.

CWAG structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. CWAG is also able to request advances on its federal grant when necessary to meet its obligations as they come due.

CONFERENCE OF WESTERN ATTORNEYS GENERAL

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

3. RETIREMENT PLAN

CWAG has a 403(b) retirement plan. The plan covers substantially all CWAG employees who have met a six-month service requirement, as defined. Eligible employees may contribute any portion of their compensation up to the statutory maximum amount, which is \$19,500 and \$19,000 for calendar years 2020 and 2019, respectively. CWAG is required to make a non-elective contribution of 20% of each participant's compensation each pay period. The maximum total annual additions credited to a participant's account shall be the lesser of 25% of the employee's compensation or \$57,000 and \$56,000 for calendar years 2020 and 2019, respectively. CWAG's contributions for the years ended June 30, 2020 and 2019 totaled \$72,008 and \$65,677, respectively.

4. COMMITMENTS

CWAG has entered into agreements with various facilities to hold conferences and training sessions that extend out to June 2022. The agreements provide for cancellation fees, and in some cases a deposit is at risk. As the date of the scheduled event gets closer, the cancellation fees increase. At June 30, 2020, CWAG had approximately \$1,290,000 in financial commitments under these contracts if events are cancelled and rooms remain unbooked.

5. CONCENTRATIONS

CWAG maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. CWAG has not experienced any losses in such accounts, and management believes CWAG is not exposed to any significant credit risk related to cash. At June 30, 2020 and 2019, CWAG's uninsured cash balances totaled \$1,861,079 and \$1,757,706 respectively.

CWAG uses an outside company to carry out a major portion of its programs. For the years ended June 30, 2020 and 2019, services rendered by this company amounted to approximately \$896,000 or 20%, and \$698,000 or 12% of total expenses respectively. This amount is primarily included in subcontractor expense in the statements of functional expenses.

6. REVENUE FROM CONTRACTS WITH CUSTOMERS

Membership dues are recognized over the one-year membership period, which coincides with CWAG's fiscal year. Revenue from meetings is recognized when the meeting occurs.

Funds received in advance of being earned are recorded as deferred revenue, which represents a contract liability.

A contract asset is recorded when CWAG satisfies a performance obligation of a contract, but is not yet entitled to payment. When CWAG becomes entitled to payment, the contract asset is classified as a receivable, whether invoiced or not.

CONFERENCE OF WESTERN ATTORNEYS GENERAL

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

The balances of receivables and contract liabilities from contracts with customers are as follows as of June 30:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Accounts receivable	\$ <u> </u>	\$ <u>16,938</u>	\$ <u> </u>
Contract liabilities:			
Deferred membership dues	\$ 122,917	\$ 172,163	\$ 178,417
Deferred meetings revenue	<u>4,800</u>	<u> </u>	<u>1,270,738</u>
Total contract liabilities	<u>\$ 127,717</u>	<u>\$ 172,163</u>	<u>\$ 1,449,155</u>

7. RISKS AND UNCERTAINTIES

As a result of the ongoing COVID-19 pandemic, economic uncertainties have arisen which could have a negative impact on CWAG through business disruption or decreases in revenue. Although the disruption is expected to be temporary, the related financial impact and duration cannot be reasonably estimated at this time.

CONFERENCE OF WESTERN ATTORNEYS GENERAL

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2020

	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>
U.S. Department of State:			
Criminal Justice Systems (CJS)	19.703		\$ 1,167,687
Passed through the American Bar Association:			
Criminal Justice Systems (CJS)	19.703	SINLEC17GR2038	<u>65,137</u>
Total expenditures of federal awards			<u>\$ 1,232,824</u>

CONFERENCE OF WESTERN ATTORNEYS GENERAL

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2020

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards of Conference of Western Attorneys General (CWAG) is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. INDIRECT COSTS

CWAG elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

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

Independent Auditor's Report

**Board of Directors
Conference of Western Attorneys General
Elk Grove, California**

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 Conference of Western Attorneys General (CWAG), which comprise the statement of financial position as of June 30, 2020, 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 May 4, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered CWAG's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CWAG's internal control. Accordingly, we do not express an opinion on the effectiveness of CWAG'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 CWAG's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of CWAG's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CWAG's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gilbert CPAs

GILBERT CPAs
Sacramento, California

May 4, 2021

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditor's Report

**Board of Directors
Conference of Western Attorneys General
Elk Grove, California**

Report on Compliance for Each Major Federal Program

We have audited Conference of Western Attorneys General's (CWAG) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on CWAG's major federal program for the year ended June 30, 2020. CWAG's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for CWAG'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* 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 CWAG'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 the major federal program. However, our audit does not provide a legal determination of CWAG's compliance.

Opinion on Major Federal Program

In our opinion, CWAG 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 June 30, 2020.

Report on Internal Control Over Compliance

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

Gilbert CPAs

GILBERT CPAs
Sacramento, California

May 4, 2021

CONFERENCE OF WESTERN ATTORNEYS GENERAL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2020

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted?

☐ Yes ☒ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Type of auditor’s report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

☐ Yes ☒ No

Identification of major program:

Name of Federal Program or Cluster

CFDA Number

Criminal Justice Systems (CJS)

19.703

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

☒ Yes ☐ No

CONFERENCE OF WESTERN ATTORNEYS GENERAL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2020

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

SECTION IV – STATUS OF PRIOR YEAR AUDIT FINDINGS

No prior year audit findings noted.