



FINANCIAL STATEMENTS

December 31, 2023 and 2022

(With Independent Auditor's Report Thereon)

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Humanities Washington

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Humanities Washington (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Humanities Washington as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with U.S. generally accepted auditing standards (GAAS) 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 Humanities Washington 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, 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 Humanities Washington's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Humanities Washington's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Humanities Washington's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our 2023 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 GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2024 on our consideration of Humanities Washington'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 Humanities Washington'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 Humanities Washington's internal control over financial reporting and compliance.

Vine Dahlen PLLC

June 7, 2024

HUMANITIES WASHINGTON
STATEMENTS OF FINANCIAL POSITION
December 31, 2023 and 2022

ASSETS

	2023	2022
CURRENT ASSETS:		
Cash and cash equivalents	\$ 906,640	\$ 1,277,663
Investments	743,442	670,541
Pledges receivable, net	38,950	31,711
Grants and other receivables	25,348	69,765
Prepaid expenses and other assets	45,219	54,145
TOTAL CURRENT ASSETS	1,759,599	2,103,825
Investments held for endowments	487,810	424,122
Operating lease assets	208,467	224,674
Property and equipment, net	19,710	5,282
TOTAL ASSETS	<u>\$ 2,475,586</u>	<u>\$ 2,757,903</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 55,060	\$ 89,778
Current portion of operating lease liabilities	69,382	55,100
Grants payable	70,340	7,868
TOTAL CURRENT LIABILITIES	194,782	152,746
Operating lease liabilities	145,535	174,328
TOTAL LIABILITIES	340,317	327,074
NET ASSETS:		
Without donor restrictions	1,074,207	987,330
With donor restrictions	1,061,062	1,443,499
TOTAL NET ASSETS	2,135,269	2,430,829
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,475,586</u>	<u>\$ 2,757,903</u>

HUMANITIES WASHINGTON
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES:			
Revenues, gains, and other support:			
Grants	\$ 1,464,279	\$ 626,250	\$ 2,090,529
Contributions	106,196	76,500	182,696
In-kind contributions	9,264	0	9,264
Special event income	128,276	0	128,276
Other income	5,086	0	5,086
Loss on disposal of property and equipment	(3,417)	0	(3,417)
Net investment return	81,073	67,033	148,106
Net assets released from restrictions	1,152,220	(1,152,220)	0
	<u>2,942,977</u>	<u>(382,437)</u>	<u>2,560,540</u>
Total revenues, gains, and other support			
Operating expenses:			
Program services	2,227,864	0	2,227,864
Management and general	218,394	0	218,394
Fundraising	409,842	0	409,842
	<u>2,856,100</u>	<u>0</u>	<u>2,856,100</u>
Total operating expenses			
CHANGE IN NET ASSETS	86,877	(382,437)	(295,560)
NET ASSETS AT BEGINNING OF YEAR	<u>987,330</u>	<u>1,443,499</u>	<u>2,430,829</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 1,074,207</u></u>	<u><u>\$ 1,061,062</u></u>	<u><u>\$ 2,135,269</u></u>

See accompanying notes to the financial statements.

HUMANITIES WASHINGTON
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES:			
Revenues, gains, and other support:			
Grants	\$ 1,389,676	\$ 1,262,850	\$ 2,652,526
Contributions	144,270	153,499	297,769
In-kind contributions	14,145	0	14,145
Special event income	150,822	0	150,822
Other income	3,630	0	3,630
Net investment return (loss)	(109,110)	(76,955)	(186,065)
Net assets released from restrictions	694,155	(694,155)	0
	<u>2,287,588</u>	<u>645,239</u>	<u>2,932,827</u>
Total revenues, gains, and other support			
Operating expenses:			
Program services	1,721,892	0	1,721,892
Management and general	142,527	0	142,527
Fundraising	348,430	0	348,430
	<u>2,212,849</u>	<u>0</u>	<u>2,212,849</u>
Total operating expenses			
CHANGE IN NET ASSETS	74,739	645,239	719,978
NET ASSETS AT BEGINNING OF YEAR	912,591	798,260	1,710,851
NET ASSETS AT END OF YEAR	<u>\$ 987,330</u>	<u>\$ 1,443,499</u>	<u>\$ 2,430,829</u>

See accompanying notes to the financial statements.

HUMANITIES WASHINGTON
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2023

	PROGRAM SERVICES									
	Prime Time Family Reading	Speakers Bureau	Center for WA Cultural Traditions	Live Events	Grants	Other Programs	Total Program Services	Management and General	Fundraising	TOTAL
Grants to domestic organizations	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,669	\$ 0	\$ 1,669	\$ 0	\$ 0	\$ 1,669
Salaries and related expenses	235,734	175,204	172,014	120,820	60,064	216,439	980,275	89,891	243,718	1,313,884
Direct program expenses	647,612	89,027	103,367	58,742	0	44,146	942,894	0	0	942,894
Dues and fees	7,400	7,379	9,120	6,060	4,201	23,018	57,178	13,569	11,578	82,325
Depreciation and amortization	321	321	321	321	321	642	2,247	321	321	2,889
Fundraising events and activities	0	0	0	0	0	0	0	0	91,421	91,421
Insurance	585	585	585	585	585	1,170	4,095	671	585	5,351
Lobbying	0	0	0	0	0	0	0	15,000	0	15,000
Miscellaneous	1,478	4,554	10,393	4,389	317	17,506	38,637	26,713	10,809	76,159
Occupancy	11,977	9,056	8,750	6,133	3,027	11,088	50,031	5,083	12,566	67,680
Office	8,948	8,412	9,694	3,009	1,537	22,024	53,624	2,015	7,487	63,126
Printing and design	749	20,491	724	847	57	68,416	91,284	643	287	92,214
Professional fees	847	847	847	847	847	1,695	5,930	64,488	31,070	101,488
TOTAL OPERATING EXPENSES	<u>\$ 915,651</u>	<u>\$ 315,876</u>	<u>\$ 315,815</u>	<u>\$ 201,753</u>	<u>\$ 72,625</u>	<u>\$ 406,144</u>	<u>\$ 2,227,864</u>	<u>\$ 218,394</u>	<u>\$ 409,842</u>	<u>\$ 2,856,100</u>

HUMANITIES WASHINGTON
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2022

	PROGRAM SERVICES									
	Prime Time Family Reading	Speakers Bureau	Center for WA Cultural Traditions	Live Events	Grants	Other Programs	Total Program Services	Management and General	Fundraising	TOTAL
Grants to domestic organizations	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,736	\$ 0	\$ 30,736	\$ 0	\$ 0	\$ 30,736
Salaries and related expenses	228,228	124,197	201,450	82,567	82,669	185,439	904,550	62,648	203,680	1,170,878
Direct program expenses	217,769	54,539	141,494	35,600	800	43,306	493,508	0	0	493,508
Dues and fees	5,490	4,180	7,316	4,183	5,280	21,533	47,982	5,523	8,516	62,021
Depreciation and amortization	545	545	545	545	545	1,092	3,817	546	546	4,909
Fundraising events and activities	0	0	0	0	0	0	0	0	78,061	78,061
Insurance	570	569	570	570	569	1,139	3,987	654	569	5,210
Lobbying	0	0	0	0	0	0	0	10,000	0	10,000
Miscellaneous	835	470	12,345	210	195	25,845	39,900	13,872	3,924	57,696
Occupancy	11,513	6,363	10,201	4,430	4,657	10,039	47,203	3,360	10,646	61,209
Office	7,045	3,195	9,052	2,098	2,043	28,605	52,038	1,629	5,770	59,437
Printing and design	414	96	181	37	35	47,492	48,255	957	78	49,290
Professional fees	7,131	7,131	7,131	7,131	7,131	14,261	49,916	43,338	36,640	129,894
TOTAL OPERATING EXPENSES	<u>\$ 479,540</u>	<u>\$ 201,285</u>	<u>\$ 390,285</u>	<u>\$ 137,371</u>	<u>\$ 134,660</u>	<u>\$ 378,751</u>	<u>\$ 1,721,892</u>	<u>\$ 142,527</u>	<u>\$ 348,430</u>	<u>\$ 2,212,849</u>

HUMANITIES WASHINGTON
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES:		
Change in net assets	\$ (295,560)	\$ 719,978
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	2,889	4,909
Net realized and unrealized loss (gain) on investments	(111,625)	207,808
Non-cash lease adjustment	1,696	4,754
Loss on disposal of property and equipment	3,417	0
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Pledges receivable	(7,239)	(24,314)
Grants and other receivables	44,417	144,176
Prepaid expenses and other assets	8,926	(662)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(34,718)	20,346
Deferred revenue	0	(19,499)
Grants payable	62,472	(81,632)
Deferred rent	0	(374)
Total adjustments and changes	(29,765)	255,512
	(325,325)	975,490
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES:		
Purchases of investments	(283,970)	(232,120)
Proceeds from sale of investments	259,006	210,973
Purchase of fixed assets	(20,734)	(4,233)
	(45,698)	(25,380)
CHANGE IN CASH AND CASH EQUIVALENTS	(371,023)	950,110
BEGINNING CASH AND CASH EQUIVALENTS	1,277,663	327,553
ENDING CASH AND CASH EQUIVALENTS	\$ 906,640	\$ 1,277,663
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Operating right-of-use assets obtained in exchange for operating lease liabilities	\$ 40,691	\$ 285,267

See accompanying notes to financial statements.

HUMANITIES WASHINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

1. PURPOSE OF ORGANIZATION

Humanities Washington (HW) is an independent, not-for-profit organization incorporated in 1973 that exists to provide public programs in the humanities. HW creates spaces for people to explore different perspectives, opening minds and bridging divides. Through the programs noted below, HW promotes awareness of the history of local communities and their residents, provides opportunities for people to gather and learn more about their unique past and shared present, and nurtures relationships that enable communities to move forward towards a more prosperous future. HW acts as a catalyst and facilitator, supporting and partnering with a wide network of communities, organizations, and individuals across Washington State by creating, inspiring, supporting, and enhancing high quality public humanities programming; providing organizational and technical support to community organizations across Washington State; and promoting public awareness of the power of the humanities and the value it provides individuals, organizations, and communities statewide. HW's primary programs are:

Prime Time Family Reading

HW's Prime Time Family Reading program nurtures reading skills, creates a predisposition for future learning, and builds critical thinking skills and family bonds through group discussions about the themes presented in children's literature. The program focuses on academically at-risk children in elementary school, typically from low-income communities, and is offered in English and Spanish.

Center for Washington Cultural Traditions

The Center for Washington Cultural Traditions (The Center) is Washington State's folklife and traditional arts program, developed and run as a partnership between HW and the Washington State Arts Commission (ArtsWA). Folklife and traditional arts are activities and objects that are inseparable from a cultural community; they are expressions of peoples' heritage and help tell their story about foods, occupations, crafts, traditional medicine, storytelling, music, and more. The Center serves communities throughout Washington State by surveying, studying, and supporting cultural traditions and tradition bearers through research and a wide range of programming.

Speakers Bureau

Speakers travel Washington State to deliver free presentations and lead discussions on diverse subjects including history, politics, music, philosophy, cultural traditions, and everything in between. Speakers are carefully selected based on their expertise and ability to offer fascinating content and insight that inspires discussion with audiences of all ages and backgrounds.

Live Events

HW's live events provide a statewide audience with live and virtual events with scholars who explore current community issues. The events provide unique insights into provocative topics and offer innovative ideas to address community concerns.

HUMANITIES WASHINGTON NOTES TO FINANCIAL STATEMENTS

1. PURPOSE OF ORGANIZATION (Continued)

Grants

Through a small grants program, HW supports projects across Washington State that use the humanities as a launch point for community dialogue and discussion about contemporary issues. The primary goal of this support is to encourage a critical examination of ideas, provide context for current issues, and build bridges between public issues and research.

Other Programs

HW's Public Humanities Fellows program supports early-career humanists based in Washington State who are seeking to develop their program management and public humanities skills. HW also sponsors the Washington State Poet Laureate, in partnership with ArtsWA. The poet laureate serves a two-year term and builds awareness of and appreciation for poetry through public readings, workshops, lectures, and presentations in communities, schools, colleges, universities, and other public settings in geographically diverse areas of Washington State. On an ongoing basis, HW is also involved in humanities-related special initiatives and ad-hoc projects.

HW is one of 56 state and jurisdictional humanities councils whose work is funded, in part, by the National Endowment for the Humanities (NEH). NEH funding must be matched, at least 1:1, by cash contributions to the council from any source, program income the council has earned, subrecipient (grantee) cost share, and the value of in-kind contributions made by a third party. As a recipient of federal funds, HW is affected by the specific legislative authority of the NEH, which provides that only activities that are within the humanities, as defined by the U.S. Congress, can be supported with NEH funds. Contributions from individuals, corporations, and foundations provide HW with the ability to reach more broadly across Washington State and meet important needs in rural and urban communities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist in understanding the financial statements. These accounting policies conform to U.S. generally accepted accounting principles (U.S. GAAP) and have been consistently applied in the preparation of the financial statements.

Use of estimates in the preparation of financial statements

The preparation of financial statements, in conformity with U.S. GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

For reporting purposes, cash and cash equivalents include time deposits and all other highly liquid investments with original maturities of three months or less, except for those held in the investment portfolio.

HUMANITIES WASHINGTON
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

HW's investment objective is to maximize total return and preserve capital, while minimizing credit risk and avoiding excessive market risk. In order to achieve this objective, HW's assets are invested in accordance with an investment policy approved by the Board of Trustees (the Board) with a level of risk that is appropriate to HW's spending objectives. Investments are reported at their fair value in the statements of financial position. Investments held for endowment include funds designated by the donors to be set aside for the endowment. Net investment return (loss) is reported in the statements of activities and consists of interest and dividend income and realized and unrealized gains and losses, less investment expenses. HW adheres to all donor-imposed restrictions in the allocation and expenditure of investment earnings. Investments acquired by gift are recorded at their fair value at the date of the gift. HW's policy is to liquidate all gifts of investments as timely as possible, taking into consideration the impact on the market price.

Receivables

Pledges and grants receivable consist of unconditional promises to give. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are initially recorded at fair value, which is measured at present value of the future cash flows. The discounts (if any) on those amounts are computed using risk-adjusted interest rates applicable to the years in which the pledges are received. Amortization of the discounts is included in contributions revenue in the statements of activities. All pledges receivable were expected to be collected within one year at December 31, 2023 and 2022.

An allowance for uncollectible receivables is provided based upon management's judgment and experience, and HW's assessment of the current status of individual accounts. Receivables are written off as uncollectible only after all efforts to collect have been exhausted. The allowance for doubtful accounts was \$0 for each of the years ended December 31, 2023 and 2022.

Property and equipment

Property and equipment are stated at cost if purchased or in the case of donated assets at estimated fair value at the date of contribution. HW capitalizes depreciable assets with an estimated useful life of more than one year and a cost greater than \$2,500. Depreciation of property and equipment is provided on the straight-line basis over the asset's estimated useful life of three to ten years. Leasehold improvements are amortized over the shorter of the useful life or lease term.

Operating lease assets and liabilities

HW determines if an arrangement is or contains a lease at inception. HW leases its office facilities and copier machine under non-cancelable lease agreements, which contain lease and non-lease components. Non-lease components include real estate taxes, utilities, and general repairs and maintenance. HW accounts for minimum fixed lease payments that contain lease and non-lease components as a single operating lease component. The office lease also includes variable non-lease components that are typically revised from one period to the next. HW expenses variable non-lease components as they are incurred.

HUMANITIES WASHINGTON
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating lease assets and liabilities (continued)

Operating lease assets represent HW's right to use an underlying asset for the lease term and lease liabilities represent HW's obligation to make lease payments arising from the lease. Operating lease assets and liabilities are recognized at the present value of the future lease payments at the lease commencement date. HW has elected to use the risk-free interest rate option to determine the present value of the future lease payments related to its office space. The risk-free rate is estimated as the daily U.S. Treasury Bill Rate as of the lease inception date over the period that most closely aligns with the term of the lease. HW's lease terms may include options to extend or terminate the lease when it is reasonably certain that HW will exercise that option. Operating lease expense (excluding variable non-lease components) is recognized on a straight-line basis over the lease term.

Grant expense

Grant expense and the related liability are recognized when grants are awarded by HW.

Revenue recognition

HW's federal grants support and revenue are generally from grants funded on a reimbursement basis. HW recognizes federal grant revenue when amounts allowed for reimbursement have been expended or conditions have been met.

Contributions, including unconditional promises to give, are recognized as revenues in the period the pledge is received. Contributions of assets other than cash are recorded at their estimated fair value. Contributions received are recorded as increases in net assets without and with donor restrictions, depending on the existence of any donor restrictions. Conditional promises to give that are received in advance are recorded as deferred revenue until the conditions are met.

Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When restrictions are met, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restriction.

Net assets

HW classifies net assets, revenues, gains and losses on the existence or absence of donor-imposed restrictions. Net assets are classified and reported as follows:

Net assets without donor restrictions

Net assets without donor restrictions are available for use in general operations and the Board's designations and are not subject to donor restrictions. See Note 7 for more information on the composition of net assets without donor restrictions.

Net assets with donor restrictions

Net assets with donor restrictions are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that funds be maintained in perpetuity. See Note 8 for more information on the composition of net assets with donor restrictions and the release of restrictions.

HUMANITIES WASHINGTON
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional allocation of expenses

The costs of providing various program and supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of HW are reported as expenses of those functional areas. Direct identification of specific expenses with a program or supporting service is the primary method used to assign costs to various functions. When an expense relates to program and supporting services that benefit more than one function, shared or indirect costs are allocated based upon time and effort reporting.

Advertising

HW expenses advertising costs as incurred. HW incurred advertising costs of \$92,214 and \$49,290 for the years ended December 31, 2023 and 2022, respectively.

Income taxes

HW has been granted exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). HW has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 509(a)(2) of the IRC. HW’s tax filings are subject to audit by various taxing authorities, generally three years after the return is filed. HW would recognize interest and penalties associated with uncertain tax positions, if any, as part of supporting services in the statements of functional expenses.

Donated goods and services

Donated services are recognized if the services create or enhance a nonfinancial asset, or the services require specialized skills that are provided by individuals possessing those skills. Donated goods and services are recorded at fair value on the date of donation and have been included in revenues and expenses. HW received \$4,763 in donated technology and professional services and \$4,501 in donated fundraising items during the year ended December 31, 2023. HW received \$7,261 in donated technology and professional services and \$6,884 in donated fundraising items during the year ended December 31, 2022.

3. LIQUIDITY AND AVAILABILITY

HW considers contributions restricted for programs, which are ongoing, major and central to its annual operations, to be available to meet cash needs for general expenditures. Because the majority of HW’s revenues are committed prior to the start of each fiscal year, concerns about maintaining adequate liquid assets to fund near-term operating needs are low. HW manages its liquidity and reserves following three guiding principles: (1) operating within a prudent range of financial soundness and stability, (2) maintaining adequate liquid assets to fund near-term operating needs, and (3) maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. HW maintains an operating reserves policy that stipulates an ongoing balance of at least four months but no more than six months of expected annual operating expenditures in invested reserves plus the balance of unrestricted and undesignated earnings on the permanent endowment. To achieve these targets, HW forecasts its future cash flows and monitors its liquidity and reserves bi-monthly.

HUMANITIES WASHINGTON
NOTES TO FINANCIAL STATEMENTS

3. LIQUIDITY AND AVAILABILITY (Continued)

Financial assets available for general expenditure within one year from the date of the statement of financial position were comprised of the following at December 31:

	<u>2023</u>	<u>2022</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 906,640	\$ 1,277,663
Investments	1,231,252	1,094,663
Pledges receivable	38,950	31,711
Grants and other receivables	<u>25,348</u>	<u>69,765</u>
Total financial assets	<u>2,202,190</u>	<u>2,473,802</u>
Less amounts not expected to be used within one year:		
Net assets with donor restrictions	(1,061,062)	(1,443,499)
Board-designated funds	(716,897)	(645,183)
Add: anticipated appropriations for programs	<u>573,252</u>	<u>1,019,377</u>
Total amounts not expected to be used within one year	<u>(1,204,707)</u>	<u>(1,069,305)</u>
Total financial assets available within one year	<u><u>\$ 997,483</u></u>	<u><u>\$ 1,404,497</u></u>

HW generally receives between forty and sixty percent of its annual revenues from the NEH, which are usually committed before the fiscal year begins. HW generally receives between thirty and forty percent from contributions from state and local governments and private donors, half of which are normally committed in advance of finalizing program expenses. The remaining revenues are generally received from its investment portfolio and in-kind contributions.

4. FAIR VALUE MEASUREMENTS

The fair values of financial assets are classified based on the following hierarchy reflecting the significance of inputs used in determining fair value measurements:

Level 1 – Observable inputs that reflect unadjusted quoted prices or published net asset value for identical assets in active markets.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs which are supported by little or no market activity.

HUMANITIES WASHINGTON
NOTES TO FINANCIAL STATEMENTS

4. FAIR VALUE MEASUREMENTS (Continued)

Fair values of HW's assets measured on a recurring basis are as follows:

	Fair Value Hierarchy Level	2023	2022
Exchange traded funds	1	\$ 1,187,777	\$ 1,056,846
Money market mutual fund	1	25,004	25,004
Total investments in the fair value hierarchy		1,212,781	1,081,850
Cash included in investments		18,471	12,813
Total investments		<u>\$ 1,231,252</u>	<u>\$ 1,094,663</u>

The following provides a reconciliation of investments as reported in the statements of financial position:

Investments	\$ 743,442	\$ 670,541
Investments held for endowment	487,810	424,122
Total investments	<u>\$ 1,231,252</u>	<u>\$ 1,094,663</u>

5. PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows:

Information technology	\$ 94,693	\$ 86,463
Furniture, fixtures and equipment	43,916	43,916
Leasehold improvements	23,706	23,706
	162,315	154,085
Less accumulated depreciation and amortization	142,605	148,803
	<u>\$ 19,710</u>	<u>\$ 5,282</u>

Depreciation and amortization expense included in the statements of activities and of functional expenses was \$2,889 and \$4,909 for the years ended December 31, 2023 and 2022, respectively.

6. LEASE COMMITMENTS

HW leases its office facilities and copier machine under non-cancelable operating leases, which expire in November 2026 and May 2027, respectively. Cash payments related to the operating leases were \$63,166 and \$54,748 for the years ended December 31, 2023 and 2022, respectively.

HUMANITIES WASHINGTON
NOTES TO FINANCIAL STATEMENTS

6. LEASE COMMITMENTS (Continued)

Operating lease expense for the years ended December 31, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Operating lease expense	\$ 65,569	\$ 59,174
Variable lease expense	<u>4,941</u>	<u>3,317</u>
	<u>\$ 70,510</u>	<u>\$ 62,491</u>

As of December 31, 2023, HW's operating leases had weighted average remaining lease terms of 2.93 years and a weighted average yearly discount rate of 1.97%. As of December 31, 2023, future minimum lease payments under the operating leases are as follows:

<u>Year Ending December 31,</u>	
2024	\$ 72,996
2025	75,728
2026	71,853
2027	916
Less imputed lease discount	<u>(6,576)</u>
Total lease liability	<u>\$ 214,917</u>

7. NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions are summarized as follows:

Undesignated	\$ 357,310	\$ 342,147
Board-designated operating reserves	<u>716,897</u>	<u>645,183</u>
	<u>\$ 1,074,207</u>	<u>\$ 987,330</u>

The Board has set aside a specific portion of financial assets without donor restrictions as reserves to fund operations in case of a shortfall in funding sources.

HUMANITIES WASHINGTON
NOTES TO FINANCIAL STATEMENTS

8. NET ASSETS WITH DONOR RESTRICTIONS

HW's net assets with donor restrictions are available for the following purposes as of December 31:

	2023	2022
Subject to expenditure for specified purpose or the passage of time:		
Center for Washington Cultural Traditions	\$ 138,208	\$ 167,420
Spokane Live Event	10,000	10,000
Endowment fund earnings	226,227	162,539
Poet Laureate program	4,371	2,873
Prime Time Family Reading program	391,239	766,856
Speakers Bureau program	29,434	72,228
Endowments:		
Subject to HW's endowment spending policy and appropriation (in perpetuity):		
Barbara Krohn Endowment	64,067	64,067
Frank Family Endowment	40,000	40,000
Washington Stories Fund	100,000	100,000
Other endowment gifts	57,516	57,516
	<u>\$ 1,061,062</u>	<u>\$ 1,443,499</u>

Net assets were released from restrictions by the passage of time or by incurring expenses that satisfy the restricted purposes specified by donors for the various programs of \$1,152,220 and \$694,155 during the years ended December 31, 2023 and 2022, respectively.

9. ENDOWMENT

HW's endowment consists of various donor-restricted funds established for the purpose of providing long-term stability for HW. Net assets associated with the endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

HW operates in accordance with the Washington State Prudent Management of Institutional Funds Act (PMIFA). HW has interpreted the Washington State PMIFA as allowing HW to appropriate for expenditure or accumulate so much of an endowment fund as HW determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established, subject to donor stipulations. The assets in the endowment funds shall be donor-restricted assets until appropriated for expenditure by the Board. As a result of this interpretation, HW retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give, net of discount and allowance for uncollectible promises to give) donated to the endowments, and (b) any accumulations to the endowments made in accordance with the direction of the applicable donor gift-instruments at the time the accumulation is added.

HUMANITIES WASHINGTON
NOTES TO FINANCIAL STATEMENTS

9. ENDOWMENT (Continued)

Interpretation of relevant law (continued)

In accordance with PMIFA, HW considers the following factors in determining to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the donor-restricted endowment funds,
- 2) The purposes of HW and the donor-restricted endowment funds,
- 3) General economic conditions,
- 4) The possible effect of inflation and deflation,
- 5) The expected total return from income and the appreciation of investments,
- 6) Other resources of HW, and
- 7) The investment policies of HW.

Fund with deficiencies

From time to time, the fair value of assets associated with the donor-restricted endowment funds may fall below the historical dollar value that the donor or PMIFA requires HW to retain as a fund of perpetual duration. Deficiencies of this nature are reported in net assets without donor restrictions. There were no such deficiencies as of December 31, 2023 and 2022.

Return objectives and risk parameters

HW has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funds to programs supported by its endowment while seeking to maintain the purchasing power of the assets. Endowment assets include those assets of donor-restricted funds that HW must hold in perpetuity or for donor-specified periods, as well as board-designated funds. HW expects its endowment funds, over time, to provide an average rate of return of approximately 8% annually based upon a three-year rolling average. Actual returns in any given year may vary from this amount.

Strategies employed for achieving objectives

To satisfy its long-term rate-of-return objectives, HW relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). HW targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

Spending policy and how the investment objectives relate to spending policy

HW may appropriate for distribution up to 5% of the rolling average of the fair value of endowment funds for the preceding 16 quarters depending on forecasted annual spending requirements. When setting the maximum annual appropriation, HW considered the long-term expected return on its endowment. Accordingly, over the long term, HW expects the current spending plan to allow its endowment to grow at an average of 3% annually. This is consistent with HW's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

HUMANITIES WASHINGTON
NOTES TO FINANCIAL STATEMENTS

9. ENDOWMENT (Continued)

Spending policy and how the investment objectives relate to spending policy (continued)

Changes to endowment net assets for the years ended December 31, 2023 and 2022, were as follows:

	2023	2022
Endowment net assets, beginning of year	\$ 424,122	\$ 504,448
Net investment return (loss)	63,688	(80,326)
Endowment net assets, end of year	\$ 487,810	\$ 424,122

10. RETIREMENT PLAN

HW offers a deferred compensation plan under Section 403(b) of the IRC to all employees. HW made contributions to the plan, up to 6% of each employee's gross annual income, which totaled \$58,789 and \$51,868 for the years ended December 31, 2023 and 2022, respectively.

11. CONCENTRATION OF CREDIT RISKS

HW maintains cash balances at financial institutions, which are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times, HW may have balances in excess of the insured amount.

HW maintains its investment accounts containing cash and securities with financial institutions. Within the limits of protection offered by the Securities Investor Protection Corporation (SIPC), claims against a broker-dealer are satisfied on cash up to a maximum of \$250,000 and securities up to a maximum of \$500,000. Coverage provided by the SIPC and the investment firms' insurance companies does not protect against the loss of market value of securities.

12. CONCENTRATIONS

A significant portion of HW revenues consist of federal, state, and local government grants. A significant reduction in the level of this support may have an adverse effect on HW's programs. The grants require the fulfillment of certain conditions as set forth in the instrument of the grants. Failure to fulfill the conditions could result in the return of funds. Federal grants represented 57% of revenue and state grants represented 24% of revenue in 2023. Federal grants represented 43% of revenue and state grants represented 41% of revenue in 2022.

At December 31, 2023 and 2022, 34% and 90% of grants and other receivables were due from federal and state government entities.

13. SUBSEQUENT EVENTS

HW has evaluated subsequent events through the date these statements were available to be issued on June 7, 2024.

OTHER INFORMATION



INDEPENDENT AUDITOR'S 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

Board of Trustees
Humanities Washington

We have audited, in accordance with the U.S. generally accepted auditing standards 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 Humanities Washington (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2023, 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 7, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Humanities Washington's internal control over financial reporting (internal control) as a basis for designing 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 Humanities Washington's internal control. Accordingly, we do not express an opinion on the effectiveness of Humanities Washington'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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Humanities Washington's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Vine Dahlen PUC

June 7, 2024



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Board of Trustees
Humanities Washington

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Humanities Washington's 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 Humanities Washington's major federal programs for the year ended December 31, 2023. Humanities Washington's 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, Humanities Washington 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with the U.S. generally accepted auditing standards (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Humanities Washington 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 Humanities Washington's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Humanities Washington's 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 Humanities Washington's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to 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 Humanities Washington's 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 Humanities Washington's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Humanities Washington's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Humanities Washington's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section 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.

Vine Dahlen PLLC

June 7, 2024

HUMANITIES WASHINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2023

Federal Assistance Description	Federal Assistance Number	Award Number	Total Federal Expenditures
National Foundation of the Arts and the Humanities:			
Promotion of the Humanities - Federal/State Partnership	* 45.129	SO-276923-21	\$ 1,374,309
Promotion of the Humanities - Federal/State Partnership	* 45.129	SO-295554-24	319
Promotion of the Humanities - Federal/State Partnership	* 45.129	SSO-296460-23	42,435
Promotion of the Humanities - Federal/State Partnership	* 45.129	SSO-296722-23	20,000
Promotion of the Arts - Grants to Organizations and Individuals	45.024	1904962-55-23	4,566
Promotion of the Arts Partnership Agreements	45.025	N/A	<u>20,560</u>
Total National Foundation of the Arts and the Humanities			<u>1,462,189</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 1,462,189</u></u>

* Denotes major program

HUMANITIES WASHINGTON
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2023

A. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Humanities Washington (HW) under programs of the federal government for the year ended December 31, 2023. The information in the 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). Because the Schedule presents only a selected portion of the operations of HW, it is not intended to and does not present the financial position, changes in net assets or cash flows of HW.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule 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.

C. RISKS AND UNCERTAINTIES

Federal awards are subject to audit and monitoring, which could result in adjustments to federal awards. The adjustments are recorded at the time that such amounts can first be reasonably determined, normally on notification by the federal awarding agency or pass-through entities. During the year ended December 31, 2023, no adjustments were recorded.

D. INDIRECT COST RATE

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

HUMANITIES WASHINGTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2023

SECTION I--SUMMARY OF AUDITOR'S RESULTS

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. *Code of Federal Regulations* Section 200.516(a)? _____ Yes _____ x No

Identification of major programs:

<u>AL Number</u>	<u>Name of Federal Program</u>
45.129	National Foundation of the Arts and the Humanities - Promotion of the Humanities - Federal/State Partnership

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

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

Federal Awards:

Internal control over major federal programs:

- | | |
|---|--|
| • Material weakness(es) identified? | _____ Yes _____ x No |
| • Significant deficiency(ies) identified? | _____ Yes _____ x None Reported |

Financial Statements:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- | | |
|---|--|
| • Material weakness(es) identified? | _____ Yes _____ x No |
| • Significant deficiency(ies) identified? | _____ Yes _____ x None Reported |

Noncompliance material to financial statements noted? _____ Yes _____ x No

SECTION II--FINANCIAL STATEMENT FINDINGS - NONE REPORTED

SECTION III--FEDERAL AWARD FINDINGS AND QUESTIONED COSTS - NONE REPORTED