



**INTER-AMERICAN FOUNDATION FY 2018
ANNUAL MANAGEMENT REPORT (AMR)**

Contents

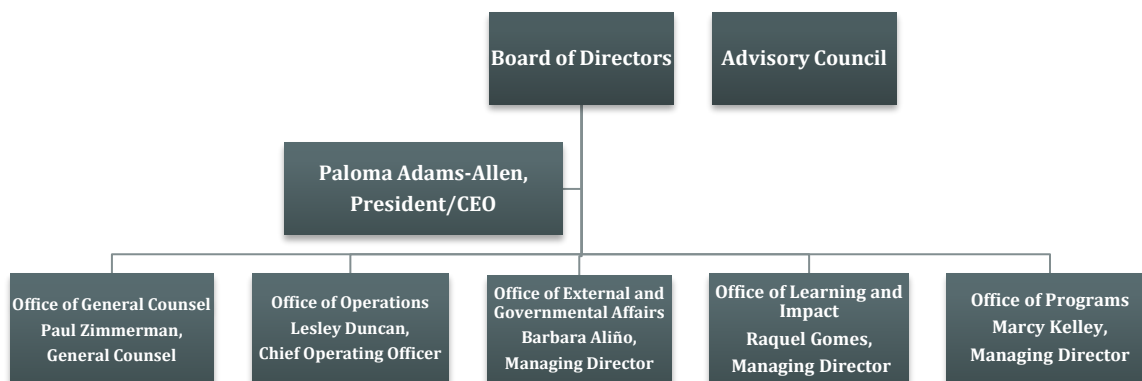
Section I: Executive Overview	3
Organizational Structure	3
Mission	4
Strategic Goals	4
Benefits of the IAF Approach	5
Lasting Impact	8
Section II: Financial Section	10
Annual Assurance Statement	10
Financial Statements	11
Notes to the Financial Statements	14
Independent Auditors Report	29

Section I: Executive Overview

The Inter-American Foundation (IAF), an independent U.S. Government agency, was created by Congress in 1969¹ to channel development assistance directly to community-led development efforts across Latin America and the Caribbean. The IAF responds to and supports grassroots groups and organizations in their undertaking of innovative, participatory, and sustainable development proposals that are aligned with the regional interests of the U.S. government. The IAF encourages partnerships among community organizations, businesses, and local governments directed towards improving the quality of life for underserved communities and strengthening their capacity to engage effectively in civil society. In order to contribute to a better understanding of development strategies and processes, the IAF serves as a thought leader in the international development community and provides platforms to share lessons learned among its grantee partners.

ORGANIZATIONAL STRUCTURE

The IAF is led by a nine-person, bipartisan board of directors appointed by the President of the United States and confirmed by the Senate. Six members are drawn from the private sector and three from the public sector. The board is assisted by a bipartisan advisory council. The IAF president, appointed by the board, serves as the foundation's chief executive officer and manages a staff of 42 employees based in Washington, D.C. The IAF is organized into six offices: (1) Office of the President and CEO; (2) Office of the General Counsel; (3) Office of Operations; (4) Office of External and Governmental Affairs; (5) Office of Learning and Impact; and (6) Office of Programs.



¹ Congress created the IAF as part of the Foreign Assistance Act of 1969: Part IV, Section 401(b).

MISSION

To identify, support, and partner with underserved populations, their enterprises and grassroots organizations to build thriving communities in Latin America and the Caribbean (LAC).

The IAF works to advance its mission by ensuring the grant process is:

- **Community-led:** We trust and empower community solutions, ownership and leadership.
- **Innovative:** We foster agile and entrepreneurial thinking and take informed risks.
- **Collaborative:** We build alliances with public, private and community sectors to catalyze smart and sustainable development.
- **Accountable:** We are committed to results, transparency, and impact.
- **Cost-effective:** We work directly with the organized poor, minimizing intermediaries and overhead.

The IAF supports underserved communities by strengthening their capacity and connecting them to each other, to businesses and governments, and to regional and global opportunities. The IAF awards small grants to incipient civil society and community organizations with an average value of \$215,000 over three years. Foundation Representatives work directly with grantee partners to offer mentoring and guidance, and oversee the strengthening of their human capital, organizational capacity, and achievement of results. The IAF requires grantee partners to contribute or mobilize resources of their own, in cash or in-kind, for their initiatives and to track and report their progress, lessons and results. This best prepares them to succeed, sustain and grow their efforts beyond IAF's support – and to be included in the economic and democratic progress of their countries.

STRATEGIC GOALS

The IAF's four strategic goals are:

- 1) **Expanding economic opportunities** through investments in sustainable smallholder agriculture, urban and rural small-business growth and micro-enterprises, local entrepreneurship, and market development;
- 2) **Enhancing peace and security** by strengthening the social and economic fabric of the communities and assisting them in developing alternatives to crime, violence, unemployment and forced migration;
- 3) **Strengthening governance** by improving the capacity of community groups and other civil society actors to propel their own development, defend their rights,

promote inclusion, and advocate for government accountability and transparency;
and

- 4) **Unlocking private, public, and community resources** for grassroots development through financial and programmatic partnerships.

BENEFITS OF THE IAF APPROACH

The IAF Serves U.S. Interests

IAF investments in LAC serve U.S. interests by:

- **Creating alternatives to migration, the drug trade, crime, violence, unemployment and exclusion.** IAF investments support U.S. interests throughout the region to address major push factors of irregular migration, including poverty, unemployment, crime, violence, and environmental degradation. These grants promote economic opportunities, good governance, and security in high-sending countries of migrants to the United States.
- **Building more democratic allies.** The IAF works to improve the quality of democracy in the region by supporting grantee partners' efforts to participate in civic life, improve their capacity to engage constructively with their local officials, and hold their governments accountable to being transparent and the democratic process.
- **Rapidly scaling investments in places of strategic U.S. interests, such as Central America, Colombia, and the Caribbean.** The IAF continues to shift resources towards the Northern Triangle countries of Central America to support implementation of the U.S. Strategy for Engagement in Central America. Also, at the request of Congress, the IAF has elevated the priority of the Caribbean for investments in FY 2019 and is working to identify new grassroots organizations to partner with in the region.
- **Improving public opinion of the United States.** According to an independent survey of IAF grantee partners by the Center for Effective Philanthropy in 2017, 73 percent of respondents working with the IAF had improved or greatly improved their opinion of the United States.
- **Preparing IAF grantees to do business with U.S. and other international markets.** The IAF helps scale up the capabilities of small businesses and social enterprises to access new markets, export goods and services, and do business with the United States.
- **Building self-reliance for a sustainable future.** IAF support is not traditional aid. Grant applicants must design their own programmatic solutions based on their analysis of the problems facing their local communities. The IAF encourages and incentivizes grantee

partners to improve institutional capacity within their own organizations, track and report their progress towards project objectives, and grow and diversify their sources of income and support; all important steps towards self-reliance.

- **Facilitating private sector input into development.** The IAF is governed by a bipartisan board of directors and advisory council made up predominantly of private sector leaders with development experience and representing a range of industries. In addition to performing crucial oversight functions, they bring important insights to IAF's programming as well as identify additional partnerships and creative investment ideas to advance IAF's mission.

The IAF Complements Other U.S. Government Development Efforts

The IAF's direct connection to civil society, broad networks, nuanced knowledge of local contexts, and specialized expertise directly complements other U.S. development efforts by:

- **Strengthening U.S. development efforts at a community level.** The IAF is focused on strengthening incipient, independent grassroots groups and supporting their existing and nascent social, economic, and governance efforts at the community level. Such groups are often too small, underdeveloped, or remote to access or absorb funding from larger donors. The IAF's unmatched (among U.S. agencies) ability to work directly at this level is an important complement to other approaches of the U.S. government toolkit. Additionally, in a recent survey conducted by the Center for Effective Philanthropy, the IAF scored higher than private foundations on strengthening the organizational capacity of grantee partners.
- **Creating direct access to civil society.** The IAF's relationship with partner organizations is direct, fluid, and dynamic throughout the period of the grant and beyond. This approach is unique in the U.S. government development world and has earned IAF legitimacy and trust from civil society groups in LAC. This credibility increases the chances of grantee partners' success and has also allowed the IAF to maintain a U.S. government presence in countries where diplomatic relations may be otherwise strained.
- **Acting with flexibility and agility.** IAF funding can be rapidly adapted to address changing conditions on the ground, capitalize on new or emerging opportunities, or quickly close projects that are not having the desired impact. For example, the need for peace-building efforts in former conflict territories of Colombia prompted the creation of the IAF's *Colombia Peace Initiative* to help communities transition out of war. This initiative has multiplied the number of IAF grants in Colombia by 50 percent. The IAF also practices adaptive management, which allows its core constituency — incipient grassroots groups — the time needed to use their resources responsibly.

- **Providing seed funding for community development innovations.** The IAF provides support to promising new ideas for development. For example, the IAF funded the first microcredit program in South America and established a public-private partnership with some 80 corporate foundations in 13 countries to channel investments to the grassroots groups. In recent years, the IAF has invested in the development of a growing sector of community foundations in LAC that are being enabled to drive more local and private resources towards grassroots development.
- **Focusing on the inclusion of underserved communities.** The IAF places a priority on the inclusion of the region's most disadvantaged citizens — including indigenous peoples, African descendants, women, and children and young people, among others — in the economic advances and civic life of their countries. The IAF is often the first U.S. government agency to interact with these groups.
- **Expanding the universe of effective U.S. allies.** IAF support helps build a pipeline of civil society groups that are better positioned to eventually partner with additional U.S. and other funders —public and private. IAF investments to date have created a dense network of grassroots organizations positively disposed to the United States throughout the region.

The IAF Provides a Cost-Effective Approach

The IAF delivers development assistance that is smart and highly cost-effective by:

- **Leveraging matching funds from grantees.** The IAF multiplies the impact of its grants and maximizes returns by requiring all its grantee partners to invest their own resources. By putting community resources into the project, the grantees signal their commitment to owning local challenges and solutions. Grantees seek out partnerships with local private sector actors, such as banks, savings and loans institutions, other civil society actors and corporations investing in their areas. Over the last five years, each dollar invested by IAF leveraged on average \$1.31 from grantees or others. This is one way that the IAF continues to be responsible stewards of U.S. tax payers' dollars.
- **Keeping our costs low.** The IAF works to keep overhead low, including by outsourcing many administrative and technical functions. Just 42 staff manage a portfolio of more than 300 active projects in 20 countries, resulting in overhead costs of just 12 percent when including the grantee counterpart resources the IAF leverages.
- **Engaging in public-private partnerships.** The IAF actively collaborates with the private sector – corporate and philanthropic – in joint funding initiatives, including with members of IAF-initiated Latin American corporate alliance, RedEAmérica. This alliance, supports the efforts of 80 corporations from 14 countries to move beyond philanthropic giving toward a

IAF FY 2018 AMR

more integrated and sustainable approach to building capacity in communities near their operations. For example, the IAF has partnered with the C.S. Mott Foundation and several others to help in the recovery and rebuilding initiatives of Mexico's post-earthquake efforts.

- **Fostering accountability and results.** The IAF holds all grantee partners accountable for the responsible use of U.S. public funds and for the successful implementation of their projects through regular audits and required progress reporting at six-month intervals. The IAF's rigorous evaluation methodology also includes independently verifying the data that grantees report throughout the life of the grant.

LASTING IMPACT

The relatively small-dollar investments made by the IAF create transformative impacts in the communities we reach. Communities with greater prosperity, social capital and capacity to organize themselves are more resilient and less vulnerable to crime, violence, extreme poverty, economic downturns, natural disasters, and other challenges. By thoughtfully deploying a staff of 42 specialized professionals, the IAF provides a cost-effective tool of to advance the U.S. government's interests in LAC.

FY 2018 Program Investments

In FY 2018, the IAF awarded \$17.3 million to 120 organizations in 18 countries in LAC. Counterpart resources committed in FY 2018 totaled \$19.9 million. Program investments were made in the following thematic areas:

- Agriculture, Food Security and Health;
- Job Skills and Enterprise Development;
- Civic Engagement, Leadership and Education;
- Human Rights and Inclusion;
- Natural Resource Management; and
- Alternatives to Migration and Violence.

FY 2018 Accomplishments

Highlights of IAF accomplishments in FY 2018 include:

- 364,049 individuals benefited directly and 2,107,078 indirectly from IAF investments;

IAF FY 2018 AMR

- 74,056 individuals acquired new knowledge and skills in agriculture, manufacturing, civic engagement, marketing and conservation;
- 8,284 jobs created or preserved;
- 2,629 partnerships developed by grantees to mobilize resources and share experiences;
- 56 percent of IAF grantees involved in economic development activities saw their beneficiaries' incomes increase; and
- 51 percent of program participants were women and 43 percent were youth (under 18 years old).

Section II: Financial Section

ANNUAL ASSURANCE STATEMENT

IAF management is responsible for establishing and maintaining effective internal controls and financial management systems that meet the objectives of the Federal Manager's Financial Integrity Act (FMFIA). IAF uses the Oracle Federal Financial System hosted by the Administrative Resource Center (ARC) within the Department of the Treasury's, Bureau of the Fiscal Service.

Therefore, our assertion of assurance is operating in accordance with the procedures and standards of the administrative controls within IAF as well as the Statement on Standards for Attestation Engagements (SSAE) 18 Report on ARC/FS Oracle Federal Financial System and related complementary controls in place at ARC.

The IAF management is additionally responsible for establishing and maintaining effective internal controls over financial reporting, which includes safeguarding of assets and compliance with all applicable laws and regulations. The IAF assesses the effectiveness of its own internal controls and relies on the Treasury Fiscal Service's internal assessment of its internal controls at ARC. Based on the results of the IAF's own internal assessments and our review of our service provider assessment results, the IAF provides unmodified assurance that internal controls over financial reporting as of September 30, 2018 are operating effectively; no material weaknesses have been found in the design or operation of the internal controls over financial reporting.



Paloma Adams-Allen
President and CEO
Inter-American Foundation
October 30, 2018

IAF FY 2018 AMR

FINANCIAL STATEMENTS

IAF STATEMENT OF FINANCIAL POSITION AS OF SEPTEMBER 30, 2018 AND 2017 (In Dollars)

	2018	2017
Assets:		
Intragovernmental		
Fund Balance With Treasury (Note 2)	\$ 38,730,875	\$ 38,729,229
Total Intragovernmental	38,730,875	38,729,229
Other (Note 3)	1,913,875	2,528,654
Total Assets	\$ 40,644,750	\$ 41,257,883
Liabilities:		
Intragovernmental		
Accounts Payable	\$ 44,839	\$ 84,892
Other (Note 5)	120,499	152,333
Total Intragovernmental	165,338	237,225
Accounts Payable	953,750	705,270
Federal Employee and Veterans' Benefits (Note 4)	429,618	322,471
Other (Note 5)	782,199	921,055
Total Liabilities (Note 4)	\$ 2,330,905	\$ 2,186,021
Net Position:		
Unexpended Appropriations - Other Funds	\$ 27,287,317	\$ 25,737,025
Cumulative Results of Operations - Funds from Dedicated Collections (Note 11)	12,132,566	14,396,877
Cumulative Results of Operations - Other Funds	(1,106,038)	(1,062,040)
Total Net Position	\$ 38,313,845	\$ 39,071,862
Total Liabilities and Net Position	\$ 40,644,750	\$ 41,257,883

IAF FY 2018 AMR

IAF STATEMENT OF OPERATIONS AND CHANGES IN NET POSITION FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017 (In Dollars)

	2018	2017
Revenue		
Appropriations Used	\$ 25,962,568	\$ 23,201,788
Imputed Financing	355,918	232,168
Revenue from Social Progress Trust Fund (Note 8)	-	8,498,182
Donations (Note 8)	680,236	395,310
Total Revenue	\$ 26,998,722	\$ 32,327,448
Expenses		
Grant Program	\$ 29,307,031	\$ 32,148,582
Total Expenses	\$ 29,307,031	\$ 32,148,582
Net Revenue (Loss)	\$ (2,308,309)	\$ 178,866
Net Position		
Net of Revenue (Loss)	\$ (2,308,309)	\$ 178,866
Increase/(Decrease) in Unexpended Appropriations, Net	1,550,292	4,679,377
Increase/(Decrease) in Net Position, Net	(758,017)	4,858,243
Net Position, Beginning Balance	39,071,862	34,213,619
Net Position, Ending Balance	\$ 38,313,845	\$ 39,071,862

IAF FY 2018 AMR

IAF STATEMENT OF CASH FLOW FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017 (In Dollars)

	2018	2017
Cash Flows From Operating Activities:		
Net Revenue (Loss)	\$(2,308,309)	\$178,866
Adjustments Affecting Cash Flow:		
Decrease/(Increase) in Other Assets	614,779	(1,039,914)
Increase/(Decrease) in Accounts Payable and Other Liabilities	144,884	818,020
Total Adjustments	759,663	(221,894)
Net Cash Provided/(Used) by Operating Activities	\$(1,548,646)	\$(43,028)
Cash Flows From Financing Activities:		
Appropriations Received, Net	\$(3,462,568)	\$(701,788)
Appropriations Transferred In/Out	6,000,000	6,000,000
Rescissions and Cancellations	(987,140)	(618,835)
Net Cash Provided by Financing Activities	\$1,550,292	\$4,679,377
Net Increase/(Decrease) in Fund Balance with Treasury	\$1,646	\$4,636,349
Fund Balance with Treasury, Beginning	38,729,229	34,092,880
Fund Balance with Treasury, Ending (Note 2)	\$38,730,875	\$38,729,229

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Inter-American Foundation (IAF), a U.S. government corporation, was established pursuant to part IV of the Foreign Assistance Act of 1969 (22 U.S.C. 290f (a)). The IAF provides grants and other technical assistance to support the initiatives of non-governmental and community-based organizations in Latin America and the Caribbean to implement their economic development and poverty reduction projects.

The management of the IAF is vested in a nine-person Board of Directors appointed by the President of the United States. Six Board members are drawn from the private sector and three from officers or employees of agencies of the U.S. Government concerned with Inter-American activities. The Board appoints the IAF's president who acts as the chief executive officer.

Congress enacts appropriations to permit the IAF to incur obligations for authorized purposes. In fiscal years 2018 and 2017, the IAF was accountable for the Social Progress Trust Fund (SPTF), Gift Fund, and General Fund appropriations. The IAF recognizes budgetary resources as assets when cash (funds held by the U.S. Treasury) is made available through the Department of Treasury General Fund warrants and transfers from the Inter-American Development Bank (IDB).

B. Basis of Presentation

The financial statements have been prepared to report the financial position and results of operations of the IAF. The Statement of Financial Position presents the assets, liabilities, and net position of the agency. The Statement of Operations and Changes In Net Position presents the agency's operating results and displays the changes in the agency's equity accounts. The Statement of Cash Flows presents how changes in the agency's financial position and results affected its cash (Fund Balance with Treasury) and presents analysis of operating and financing activities. The statements are a requirement of the Chief Financial Officers Act of 1990 and the Government Management Reform Act of 1994. They have been prepared from, and are fully supported by, the books and records of the IAF in accordance with the hierarchy of accounting principles generally accepted in the United States of America, standards issued by the Federal Accounting Standards Advisory Board (FASAB), Office of Management and Budget (OMB) Circular A-136, Financial Reporting Requirements, as amended, and the IAF accounting policies which are summarized in this note. These statements are different from financial management reports, which are also prepared pursuant to OMB directives that are used to

monitor and control the IAF's use of budgetary resources. The financial statements and associated notes are presented on a comparative basis. Unless specified otherwise, all amounts are presented in dollars.

C. Basis of Accounting

Transactions are recorded on both an accrual accounting basis and a budgetary basis. Under the accrual method, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates compliance with legal requirements on the use of federal funds.

D. Revenues & Other Financing Sources

The IAF's development program is funded by appropriation from the budget of the United States, agreement with the Inter-American Development Bank (IDB) covering the SPTF, and donations from the private sector. No-year appropriations remain available until expended, while multi-year appropriations are available for the period prescribed by the applicable statute. Appropriations are used, within statutory limits, for programmatic, operating and capital expenditures for essential personal property. Appropriations are recognized as a financing source when expended. Appropriations expended for capitalized property and equipment are recognized as expense when an asset is consumed in operations.

The IAF has an agreement with the IDB to receive funds from the SPTF to finance part of the IAF's grant program. The IDB is an international financial organization established to promote the economic and social development of member countries. The United States' participation in IDB is authorized and governed by the Inter-American Development Bank Act (22 U.S.C. 283). Within IDB, the United States established the SPTF in 1961 and provided appropriations to SPTF through 1964. IDB was designated as the administrator for the SPTF and committed the original SPTF appropriations to loans. Repayments of these loans are recycled by the IDB in accordance with the original agreement and subsequent provision for additional loans, technical cooperation programs, and financing of the Inter-American Foundation program. Congress enacts annual, multi-year, and no-year appropriations to be used, within statutory limits, for operating, capital and grant expenditures. Additional amounts are obtained from service fees and reimbursements from other government entities and the public.

Pursuant to a 1973 amendment to the Foreign Assistance Act of 1961, IDB provides funds to finance social development projects. These funds are made available in U.S. dollars upon request by the IAF, subject to denomination availability and exchange controls. In 2002, the SPTF agreement was amended to make available all remaining funds until exhausted. The IAF recognizes as an imputed financing source the amount of accrued pension and post-retirement

IAF FY 2018 AMR

benefit expenses for current employees paid on its behalf by the Office of Personnel Management (OPM).

E. Fund Balance with Treasury

Fund Balance with Treasury is the aggregate amount of the IAF's appropriated funds, gift funds, and SPTF collections that are available to pay agency liabilities and finance authorized purchases, commitments and SPTF grants.

The IAF does not maintain bank accounts of its own, has no disbursing authority, and does not maintain cash held outside of Treasury. Treasury disburses funds for IAF on demand. Foreign currency payments are made by Treasury and are reported by the IAF in the U.S. dollar equivalents.

F. Accounts Receivable

Accounts receivable may consist of amounts owed to the IAF by other Federal agencies and the general public. Amounts due from Federal agencies are considered fully collectible. Accounts receivable from the public include reimbursements from employees. An allowance for uncollectible accounts receivable from the public is established when, based upon a review of outstanding accounts and the failure of all collection efforts, management determines that collection is unlikely to occur considering the debtor's ability to pay.

G. Property, Equipment, and Software

Property, equipment and software represent furniture, fixtures, equipment, and information technology hardware and software which are recorded at original acquisition cost and are depreciated or amortized using the straight-line method over their estimated useful lives. Major alterations and renovations are capitalized, while maintenance and repair costs are expensed as incurred. The IAF's capitalization threshold is \$50,000 for individual purchases and \$500,000 for bulk purchases. Property, equipment, and software acquisitions that do not meet the capitalization criteria are expensed upon receipt. Applicable standard governmental guidelines regulate the disposal and convertibility of agency property, equipment, and software. The useful life classifications for capitalized assets are as follows:

Description	Useful Life (years)
Office Furniture	10
ADP Equipment	3
Office Equipment	10
IT Software	3

H. Advances and Prepaid Charges

Advance payments are generally prohibited by law. There are some exceptions, such as reimbursable agreements, subscriptions and payments to contractors and employees. Payments made in advance of the receipt of goods and services are recorded as advances or prepaid charges at the time of prepayment and recognized as expenses when the related goods and services are received.

I. Liabilities

Liabilities represent the amount of funds likely to be paid by the IAF as a result of transactions or events that have already occurred. The IAF reports its liabilities under two categories, Intragovernmental and With the Public. Intragovernmental liabilities represent funds owed to another government agency. Liabilities With the Public represents funds owed to any entity or person that is not a federal agency, including private sector firms and federal employees. Each of these categories may include liabilities that are covered by budgetary resources and liabilities not covered by budgetary resources.

Liabilities covered by budgetary resources are liabilities funded by a current appropriation or other funding source. These consist of accounts payable and accrued payroll and benefits. Accounts payable represent amounts owed to another entity for goods ordered and received and for services rendered except for employees. Accrued payroll and benefits represent payroll costs earned by employees during the fiscal year which are not paid until the next fiscal year.

Liabilities not covered by budgetary resources are liabilities that are not funded by any current appropriation or other funding source. These liabilities consist of accrued annual leave, deferred rent, and actuarial FECA. Deferred rent is the difference at year-end between the sum of monthly cash disbursements paid to date for rent and the sum of the average monthly rent calculated based on the term of the lease.

J. Annual, Sick, and Other Leave

Annual leave is accrued as it is earned, and the accrual is reduced as leave is taken. The balance in the accrued leave account is adjusted to reflect current pay rates. Liabilities associated with other types of vested leave, including compensatory, restored leave, and sick leave in certain circumstances, are accrued at year-end, based on latest pay rates and unused hours of leave. Funding will be obtained from future financing sources to the extent that current or prior year appropriations are not available to fund annual and other types of vested leave earned but not taken. Nonvested leave is expensed when used. Any liability for sick leave that is accrued but not taken by a Civil Service Retirement System (CSRS)-covered employee is transferred to OPM

upon the retirement of that individual. Credit is given for sick leave balances in the computation of annuities upon the retirement of Federal Employees Retirement System (FERS)-covered employees.

K. Accrued and Actuarial Workers' Compensation

The Federal Employees' Compensation Act (FECA) administered by the U.S. Department of Labor (DOL) addresses all claims brought by the IAF employees for on-the-job injuries. The DOL bills each agency annually as its claims are paid, but payment of these bills is deferred for two years to allow for funding through the budget process. Similarly, employees that the IAF terminates without cause may receive unemployment compensation benefits under the unemployment insurance program also administered by the DOL, which bills each agency quarterly for paid claims. Future appropriations will be used for the reimbursement to DOL. The liability consists of (1) the net present value of estimated future payments calculated by the DOL and (2) the unreimbursed cost paid by DOL for compensation to recipients under the FECA.

L. Retirement Plans

The IAF employees participate in either the CSRS or the FERS. The employees who participate in CSRS are beneficiaries of the IAF matching contribution, equal to seven percent of pay, distributed to their annuity account in the Civil Service Retirement and Disability Fund.

Prior to December 31, 1983, all employees were covered under the CSRS program. From January 1, 1984 through December 31, 1986, employees had the option of remaining under CSRS or joining FERS and Social Security. Employees hired as of January 1, 1987 are automatically covered by the FERS program. Both CSRS and FERS employees may participate in the federal Thrift Savings Plan (TSP). FERS employees receive an automatic agency contribution equal to one percent of pay and the IAF matches any employee contribution up to an additional four percent of pay. For FERS participants, the IAF also contributes the employer's matching share of Social Security.

FERS employees and certain CSRS reinstatement employees are eligible to participate in the Social Security program after retirement. In these instances, the IAF remits the employer's share of the required contribution.

The IAF recognizes the imputed cost of pension and other retirement benefits during the employees' active years of service. OPM actuaries determine pension cost factors by calculating the value of pension benefits expected to be paid in the future and communicate these factors to the IAF for current period expense reporting. OPM also provides information

regarding the full cost of health and life insurance benefits. The IAF recognized the offsetting revenue as imputed financing sources to the extent these expenses will be paid by OPM.

The IAF does not report on its financial statements information pertaining to the retirement plans covering its employees. Reporting amounts such as plan assets, accumulated plan benefits, and related unfunded liabilities, if any, is the responsibility of the OPM, as the administrator.

M. Other Post-Employment Benefits

The IAF employees eligible to participate in the Federal Employees' Health Benefits Plan (FEHBP) and the Federal Employees' Group Life Insurance Program (FEGGLIP) may continue to participate in these programs after their retirement. The OPM has provided the IAF with certain cost factors that estimate the true cost of providing the post-retirement benefit to current employees. The IAF recognizes a current cost for these and Other Retirement Benefits (ORB) at the time the employee's services are rendered. The ORB expense is financed by OPM, and offset by the IAF through the recognition of an imputed financing source.

N. Grant Disbursements and Administrative Expenses

Grant disbursements include payments in advance of performance under contractual obligations. Evidence of performance is determined by review of periodic expenditure reports. IAF expenditures for grants over \$50,000 are independently verified using the IAF's audit guidelines. The IAF's administrative expenses are funded solely by appropriated funds.

The IAF estimates grant advances by multiplying the grants disbursed during the quarter by 50%. This estimate will be prepared each quarter to determine the amount of grant disbursements to be accounted for as grant advances in the Balance Sheet.

O. Use of Estimates

The preparation of the accompanying financial statements in accordance with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

P. Imputed Costs/Financing Sources

Federal Government entities often receive goods and services from other Federal Government entities without reimbursing the providing entity for all the related costs. In addition, Federal Government entities also incur costs that are paid in total or in part by other entities. An imputed financing source is recognized by the receiving entity for costs that are paid by

IAF FY 2018 AMR

other entities. The IAF recognized imputed costs and financing sources in fiscal years 2018 and 2017 to the extent directed by accounting standards.

Q. Reclassification

Certain fiscal year 2018 balances have been reclassified, retitled, or combined with other financial statement line items for consistency with the current year presentation.

NOTE 2. FUND BALANCE WITH TREASURY

Fund balance with Treasury account balances as of September 30, 2018 and 2017 were as follows:

	2018	2017
Status of Fund Balance with Treasury:		
Unobligated Balance		
Available	\$ 2,875,561	\$ 2,007,142
Unavailable	7,425,682	10,823,958
Obligated Balance Not Yet Disbursed	28,429,632	25,898,129
Total	\$ 38,730,875	\$ 38,729,229

No discrepancies exist between the Fund Balance reflected on the Statement of Financial Position and the balances in the Treasury accounts.

The available unobligated fund balances represent the current-period amount available for obligation or commitment. At the start of the next fiscal year, the expired portion of this amount will become part of the unavailable balance as described in the following paragraph.

The unavailable unobligated fund balances represent the amount of appropriations for which the period of availability for obligation has expired. These balances are available for upward adjustments of obligations incurred only during the period for which the appropriation was available for obligation or for paying claims attributable to the appropriations.

The obligated balance not yet disbursed includes accounts payable, accrued expenses, and undelivered orders that have reduced unexpended appropriations but have not yet decreased the fund balance on hand (See also Note 7).

NOTE 3. OTHER ASSETS

Other assets account balances as of September 30, 2018 and 2017, were as follows:

IAF FY 2018 AMR

	2018	2017
With the Public		
Grant Advances	\$ 1,913,875	\$ 2,528,654
Total Other Assets	\$ 1,913,875	\$ 2,528,654

NOTE 4. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

The liabilities for the IAF as of September 30, 2018 and 2017 include liabilities not covered by budgetary resources. Congressional action is needed before budgetary resources can be provided. Although future appropriations to fund these liabilities are likely and anticipated, it is not certain that appropriations will be enacted to fund these liabilities.

	2018	2017
Intragovernmental – FECA	\$ 71,228	\$ 108,659
Unfunded Leave	340,702	321,445
Actuarial FECA	429,618	322,471
Deferred Lease Liabilities	264,490	309,466
Total Liabilities Not Covered by Budgetary Resources	\$ 1,106,038	\$ 1,062,041
Total Liabilities Covered by Budgetary Resources	1,224,867	1,123,980
Total Liabilities	\$ 2,330,905	\$ 2,186,021

The FECA liability represents the unfunded liability for actual workers compensation claims and unemployment benefits paid on IAF's behalf and payable to the DOL. IAF also records an actuarial liability for future workers compensation claims based on the liability to benefits paid (LBP) ratio provided by DOL and multiplied by the average of benefits paid over three years.

Unfunded leave represents a liability for earned leave and is reduced when leave is taken. The balance in the accrued annual leave account is reviewed quarterly and adjusted as needed to accurately reflect the liability at current pay rates and leave balances. Accrued annual leave is paid from future funding sources and, accordingly, is reflected as a liability not covered by budgetary resources. Sick and other leave is expensed as taken.

The deferred lease liability amount represents the difference at year end between the sum of monthly cash disbursements paid to date for base rent and the sum of the average monthly rent calculated based on the term of the lease. This was due to a new lease agreement entered into that had rent abatement provisions.

IAF FY 2018 AMR

NOTE 5. OTHER LIABILITIES

Other liabilities account balances as of September 30, 2018 were as follows:

	Current	Non Current	Total
Intragovernmental			
FECA Liability	\$ 1,035	\$ 70,193	\$ 71,228
Payroll Taxes Payable	49,271	-	49,271
Total Intragovernmental Other Liabilities	\$ 50,306	\$ 70,193	\$ 120,499
With the Public			
Payroll Taxes Payable	\$ 8,477	\$ -	\$ 8,477
Accrued Funded Payroll and Leave	168,530	-	168,530
Unfunded Leave	340,702	-	340,702
Deferred Lease Liability	44,975	219,515	264,490
Total Public Other Liabilities	\$ 562,684	\$ 219,515	\$ 782,199

Other liabilities account balances as of September 30, 2017 were as follows:

	Current	Non Current	Total
Intragovernmental			
FECA Liability	\$ 26,510	\$ 82,149	\$ 108,659
Payroll Taxes Payable	43,674	-	43,674
Total Intragovernmental Other Liabilities	\$ 70,184	\$ 82,149	\$ 152,333
With the Public			
Payroll Taxes Payable	\$ 10,648	\$ -	\$ 10,648
Accrued Funded Payroll and Leave	149,546	-	149,546
Unfunded Leave	321,445	-	321,445
Deferred Lease Liability	-	309,466	309,466
Grant Payments in Transit	129,950	-	129,950
Total Public Other Liabilities	\$ 611,589	\$ 309,466	\$ 921,055

NOTE 6. COMMITMENTS AND CONTINGENCIES

In the course of the agency's grant-making activities, the IAF has unliquidated grant obligations which, in the absence of violations or cancellations of the grant agreements, will require disbursements. Unliquidated grant obligations at September 30, 2018 and 2017 total approximately \$3,207,930 and \$1,827,937 respectively. There were no contingent liabilities as of September 30, 2018.

IAF FY 2018 AMR

NOTE 7. UNDELIVERED ORDERS AT THE END OF THE PERIOD

As of September 30, 2018, budgetary resources obligated for undelivered orders were as follows:

	Federal	Non-Federal	Total
Paid Undelivered Orders	\$ -	\$ 1,913,875	\$ 1,913,875
Unpaid Undelivered Orders	86,153	27,118,612	27,204,765
Total Undelivered Orders	\$ 86,153	\$ 29,032,487	\$ 29,118,640

As of September 30, 2017, budgetary resources obligated for undelivered orders were as follows:

	Federal	Non-Federal	Total
Paid Undelivered Orders	\$ -	\$ 2,528,654	\$ 2,528,654
Unpaid Undelivered Orders	112,624	24,661,525	24,774,149
Total Undelivered Orders	\$ 112,624	\$ 27,190,179	\$ 27,302,803

NOTE 8. FINANCING SOURCES – SPTF AND GIFT FUNDS

The Reconciliation of Net Cost of Operations to Budget Note reconciles the financial Net Cost of Operations with the Statement of Budgetary Resources. The IAF reports SPTF funds obtained from the International Development Bank (IDB) as offsetting collections earned.

	2018	2017
SPTF Cumulative Results:		
SPTF Beginning Balance	\$ 14,080,171	\$ 13,592,965
SPTF Funds Received	-	8,498,182
Less: SPTF Funds Expended	(2,861,923)	(8,010,976)
SPTF Fund Carry Forward	\$ 11,218,248	\$ 14,080,171
Donations Cumulative Results:		
Donations Beginning Balance	\$ 316,706	\$ 82,127
Donations Received	680,236	395,310
Less: Donations Expended	(82,624)	(160,731)
Donations Carry Forward	\$ 914,318	\$ 316,706
Total SPTF and Donations	\$ 12,132,566	\$ 14,396,877

IAF FY 2018 AMR

NOTE 9. BUDGETARY RESOURCE COMPARISONS TO THE BUDGET OF THE UNITED STATES GOVERNMENT

The President's FY 2020 Budget that will include fiscal year 2018 actual budgetary execution information has not yet been published. The President's Budget is scheduled for publication in February 2019 and can be found at the OMB Web site: <http://www.whitehouse.gov/omb/>. The 2019 Budget of the United States Government, with the "Actual" column completed for 2017, has been reconciled to the Statement of Budgetary Resources and there were no material differences.

In Millions

FY2017	Budgetary Resources	Obligations Incurred	Distributed Offsetting Receipts	Net Outlays
Statement of Budgetary Resources	\$45	\$ 32	\$ -	\$23
Unobligated Balance Not Available	(1)	-	-	-
Difference - Due to Rounding	-	(1)	-	-
Budget of the U.S. Government	\$44	\$31	\$ -	\$23

NOTE 10. LEASES

Operating Leases

The IAF occupies office space under a Non-Federal lease agreement that is accounted for as an operating lease. The total operating lease expenses as of September 30, 2018 and 2017 were \$646,078 and \$405,158, respectively. The lease term began on April 23, 2017 and expires on April 22, 2022, which includes deferred rent. Lease payments are increased annually based on the adjustments for operating cost and real estate tax escalations.

Below is a schedule of future payments for the term of the lease.

Fiscal Year	Office Space
2019	\$ 694,501
2020	694,501
2021	694,501
2022	347,250
Total Future Payments	\$ 2,430,753

IAF FY 2018 AMR

NOTE 11. DEDICATED COLLECTIONS

The IAF has dedicated collections that fall into the following categories: Social Progress Trust Fund (SPTF) and Gift Fund. Both funds are used to finance part of the IAF's grant program and remain available until funds are exhausted.

Transactions are recorded on an accrual accounting basis and a budgetary basis. Under the accrual method, revenues are recognized when earned and expenses are recognized when liabilities are incurred, without regard to receipt or payment of cash. Budgetary accounting measures the appropriations and consumption of budget authority and other budgetary resources and facilitates compliance with legal constraints and controls over use of Federal funds.

Schedule of Dedicated Collections as of September 30, 2018:

	Social Progress Trust Fund	Gift Fund	Total Dedicated Collections
Statement of Financial Position			
ASSETS			
Fund Balance with Treasury	\$ 10,964,828	\$ 856,695	\$ 11,821,523
Other Assets	253,420	57,623	311,043
Total Assets	\$ 11,218,248	\$ 914,318	\$ 12,132,566
Cumulative Results of Operations	\$ 11,218,248	\$ 914,318	\$ 12,132,566
Total Liabilities and Net Position	\$ 11,218,248	\$ 914,318	\$ 12,132,566
Net Cost			
Program Costs	\$ 2,861,923	\$ 82,624	\$ 2,944,547
Net Cost of Operations	\$ 2,861,923	\$ 82,624	\$ 2,944,547
Statement of Operations and Changes in Net Position			
Net Position Beginning of Period	\$ 14,080,171	\$ 316,706	\$ 14,396,877
Financing Sources	-	680,236	680,236
Net Cost of Operations	(2,861,923)	(82,624)	(2,944,547)
Change in Net Position	(2,861,923)	597,612	(2,264,311)
Net Position End of Period	\$ 11,218,248	\$ 914,318	\$ 12,132,566

IAF FY 2018 AMR

Schedule of Dedicated Collections as of September 30, 2017:

	Social Progress Trust Fund	Gift Fund	Total Dedicated Collections
Statement of Financial Position			
ASSETS			
Fund Balance with Treasury	\$ 13,270,014	\$ 316,706	\$ 13,586,720
Other Assets	835,119	-	835,119
Total Assets	\$ 14,105,133	\$ 316,706	\$ 14,421,839
LIABILITIES			
Other Liabilities	\$ 24,962	\$ -	\$ 24,962
Total Liabilities	\$ 24,962	\$ -	\$ 24,962
Cumulative Results of Operations	\$ 14,080,171	\$ 316,706	\$ 14,396,877
Total Liabilities and Net Position	\$ 14,105,133	\$ 316,706	\$ 14,421,839
Net Cost			
Program Costs	\$ 8,010,976	\$ 160,731	\$ 8,171,707
Net Cost of Operations	\$ 8,010,976	\$ 160,731	\$ 8,171,707
Statement of Operations and Changes in Net Position			
Net Position Beginning of Period	\$ 13,592,965	\$ 82,127	\$ 13,675,092
Financing Sources	8,498,182	395,310	8,893,492
Net Cost of Operations	(8,010,976)	(160,731)	(8,171,707)
Change in Net Position	487,206	234,579	721,785
Net Position End of Period	\$ 14,080,171	\$ 316,706	\$ 14,396,877

IAF FY 2018 AMR

NOTE 12. APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED

Obligations incurred and reported in the Statement of Budgetary Resources in 2018 and 2017 consisted of the following:

	2018	2017
Direct Obligations, Category A	\$ 5,998,166	\$ 5,972,275
Direct Obligations, Category B	24,092,593	22,837,446
Reimbursable Obligations, Category A	-	92
Reimbursable Obligations, Category B	1,641,000	3,515,369
Total Obligations Incurred	\$ 31,731,759	\$ 32,325,182

Category A apportionments distribute budgetary resources by fiscal quarters.

Category B apportionments typically distribute budgetary resources by activities, projects, objects or a combination of these categories.

NOTE 13. CUSTODIAL ACTIVITY

IAF's custodial collection in 2018 primarily consists of two returned funds at the IAF's request from a grantee due to change in project deliverables or grantee capacity. The collections came from cancelled funds, which are no longer available for use; therefore, the funds must be returned to Treasury. While these collections are considered custodial, they were neither primary to the mission of the IAF nor material to the overall financial statements. The IAF's total custodial collections are \$4,227 and \$29,108 for the years ended September 30, 2018 and 2017, respectively.

IAF FY 2018 AMR

NOTE 14. RECONCILIATION OF NET COST OF OPERATIONS TO BUDGET

IAF has reconciled its budgetary obligations and non-budgetary resources available to its net cost of operations.

	2018	2017
Resources Used to Finance Activities:		
Budgetary Resources Obligated		
Obligations Incurred	\$ 31,731,759	\$ 32,325,182
Spending Authority From Offsetting Collections and Recoveries	(1,008,807)	(10,697,777)
Offsetting Receipts	(680,236)	(395,310)
Net Obligations	30,042,716	21,232,095
Other Resources		
Imputed Financing From Costs Absorbed By Others	355,918	232,168
Net Other Resources Used to Finance Activities	355,918	232,168
Total Resources Used to Finance Activities	30,398,634	21,464,263
Resources Used to Finance Items Not Part of the Net Cost of Operations	(1,218,007)	10,141,400
Total Resources Used to Finance the Net Cost of Operations	29,180,627	31,605,663
Components of the Net Cost of Operations That Will Not Require or Generate Resources in the Current Period:		
	126,404	542,919
Net Cost of Operations	\$ 29,307,031	\$ 32,148,582

INDEPENDENT AUDITORS REPORT



BROWN & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS, PLLC

INDEPENDENT AUDITOR'S REPORT

Inter-American Foundation
Washington, D.C.

In our audits of the fiscal years 2018 and 2017 financial statements of the Inter-American Foundation (IAF), we found

- IAF's financial statements as of and for the fiscal years ended September 30, 2018, and 2017, are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles;
- no material weaknesses in internal control over financial reporting based on the limited procedures we performed; and
- no reportable noncompliance for fiscal year 2018 with provisions of applicable laws, regulations, contracts, and grant agreements we tested.

The following sections discuss in more detail (1) our report on the financial statements, which includes other information included with the financial statements; (2) our report on internal control over financial reporting; and (3) our report on compliance with laws, regulations, contracts, and grant agreements.

Report on the Financial Statements

In accordance with the provisions of Government Corporation Control Act (GCCA) (Pub. L. No. 79-248, codified at 31 U.S.C. Chapter 91), we have audited IAF's financial statements. IAF's financial statements comprise the financial position as of September 30, 2018, and 2017; the related statements of operations and changes in net position, and statement of cash flows for the years ended; and the related notes to the financial statements.

We conducted our audits in accordance with U.S. generally accepted government auditing standards. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility

IAF's management is responsible for (1) the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; (2) preparing and presenting other information included in documents containing the audited financial statements and auditor's report, and ensuring the consistency of that information with the audited financial statements; and (3) maintaining effective internal control over financial reporting, including 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. U.S. generally accepted government auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit of financial statements 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 auditor's 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 of financial statements also involves evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audits also included performing such other procedures as we considered necessary in the circumstances.

Opinion on Financial Statements

In our opinion, IAF's financial statements present fairly, in all material respects, IAF's financial position as of September 30, 2018, and 2017, and the related statements of operations and changes in net position, and statement of cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Other Information

IAF's other information contains a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements. We read the other information included with the financial statements in order to identify material inconsistencies, if any, with the audited financial statements. Our audit was conducted for the purpose of forming an opinion on IAF's financial statements. We did not audit and do not express an opinion or provide any assurance on the other information.

Report on Internal Control over Financial Reporting

In connection with our audits of IAF's financial statements, we considered IAF's internal control over financial reporting, consistent with our auditor's responsibility discussed below. We performed our procedures related to IAF's internal control over financial reporting in accordance with U.S. generally accepted government auditing standards.

Management's Responsibility

IAF's management is responsible for maintaining effective internal control over financial reporting, including 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

In planning and performing our audit of IAF's financial statements as of and for the year ended September 30, 2018, in accordance with U.S. generally accepted government auditing standards, we considered the IAF's internal control over financial reporting 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 IAF's internal control over financial reporting. Accordingly, we do not express an opinion on IAF's internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that (1) transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and (2) transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.

Results of Our Consideration of Internal Control over Financial Reporting

Our consideration of internal control was for the limited purpose described above, and was not designed to identify all deficiencies in internal control that might be material weaknesses and significant deficiencies or to express an opinion on the effectiveness of IAF's internal control over financial reporting. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Intended Purpose of Report on Internal Control over Financial Reporting

The purpose of this report is solely to describe the scope of our consideration of IAF's internal control over financial reporting and the results of our procedures, and not to provide an opinion on the effectiveness of the IAF's internal control over financial reporting. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering internal control over financial reporting. Accordingly, this report on internal control over financial reporting is not suitable for any other purpose.



Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

In connection with our audits of IAF's financial statements, we tested compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements consistent with our auditor's responsibility discussed below. We caution that noncompliance may occur and not be detected by these tests. We performed our tests of compliance in accordance with U.S. generally accepted government auditing standards.

Management's Responsibility

IAF's management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to IAF.

Auditor's Responsibility

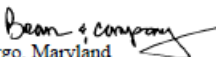
Our responsibility is to test compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements applicable to IAF that have a direct effect on the determination of material amounts and disclosures in IAF's financial statements, and perform certain other limited procedures. Accordingly, we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to IAF.

Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance for fiscal year 2018 that would be reportable under U.S. generally accepted government auditing standards. However, the objective of our tests was not to provide an opinion on compliance with laws, regulations, contracts, and grant agreements applicable to IAF. Accordingly, we do not express such an opinion.

Intended Purpose of Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

The purpose of this report is solely to describe the scope of our testing of compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering compliance. Accordingly, this report on compliance with laws, regulations, contracts, and grant agreements is not suitable for any other purpose.


Largo, Maryland
November 9, 2018