

**WOMEN HELPING WOMEN**

**AUDIT REPORT**

**DECEMBER 31, 2013**



*CPA's Audit Report  
and Financial Statements*

## WOMEN HELPING WOMEN

### 2013 AUDIT REPORT

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## Independent CPA's Report on Financial Statements

Board of Trustees  
Women Helping Women  
Cincinnati, Ohio

We have audited the accompanying financial statements of Women Helping Women ("the Agency"), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to these financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency'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 Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Women Helping Women as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in conformity with United States generally accepted accounting principles ("U.S. GAAP").

## **GAGAS Letter – Internal Control over Financial Reporting**

In accordance with *GAGAS*, we have also issued our report dated March 3, 2014, on our consideration of the Agency'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *GAGAS* in considering the Agency's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Ann CPA Services". The signature is written in a cursive, flowing style.

March 3, 2014

**WOMEN HELPING WOMEN**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2013 and 2012**

	<b>2013</b>	<b>2012</b>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 216,097	\$ 200,931
Grants and accounts receivable	199,645	184,763
Prepaid expenses	9,932	5,436
<b>Total current assets</b>	<b>425,674</b>	<b>391,130</b>
<b>Long-term assets:</b>		
Investments	9,490	8,789
Property and equipment - net	3,532	3,516
Deposits	1,094	1,094
<b>Total long-term assets</b>	<b>14,116</b>	<b>13,399</b>
<b>Total Assets</b>	<b>\$ 439,790</b>	<b>\$ 404,529</b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 6,310	\$ 9,620
Accrued expenses and other liabilities	66,038	56,491
Deferred government revenues	24,634	7,020
<b>Total Liabilities</b>	<b>96,982</b>	<b>73,131</b>
<b>Net Assets:</b>		
Unrestricted	166,137	166,697
Temporarily restricted	126,671	114,701
Permanently restricted	50,000	50,000
<b>Total Net Assets</b>	<b>342,808</b>	<b>331,398</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 439,790</b>	<b>\$ 404,529</b>

The accompanying notes are an integral part of these financial statements

**WOMEN HELPING WOMEN**  
**STATEMENTS OF ACTIVITIES**

**Years Ended December 31, 2013 and 2012**

	<b>2013</b>				<b>2012</b>			
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
<b>Public support and revenues:</b>								
Private grants and allocations	\$ 25,754	\$ 131,449	\$ -	\$ 157,203	\$ 26,001	\$ 105,000	\$ -	\$ 131,001
Government grants	500,791			500,791	367,300			367,300
Contributions	145,480	8,000		153,480	147,708	34,200		181,908
Special events, net	79,438	4,125		83,563	70,980	4,820		75,800
Program services fees	26,867			26,867	39,962			39,962
Investment earnings (losses), net	782			782	941			941
In-kind contributions	63,627			63,627	36,809			36,809
Other income	8,566			8,566	5,844			5,844
Release of restricted contributions	131,604	(131,604)		-	150,161	(150,161)		-
<b>Total revenues</b>	<b>982,909</b>	<b>11,970</b>	<b>-</b>	<b>994,879</b>	<b>845,706</b>	<b>(6,141)</b>	<b>-</b>	<b>839,565</b>
<b>Expenses:</b>								
Program services	758,422	-	-	758,422	626,320	-	-	626,320
Fundraising	77,730	-	-	77,730	72,670	-	-	72,670
Management and general	147,317	-	-	147,317	119,308	-	-	119,308
<b>Total expenses</b>	<b>983,469</b>	<b>-</b>	<b>-</b>	<b>983,469</b>	<b>818,298</b>	<b>-</b>	<b>-</b>	<b>818,298</b>
<b>Incr (decr) in net assets</b>	<b>(560)</b>	<b>11,970</b>	<b>-</b>	<b>11,410</b>	<b>27,408</b>	<b>(6,141)</b>	<b>-</b>	<b>21,267</b>
<b>Net assets:</b>								
Beginning of year	166,697	114,701	50,000	331,398	139,289	120,842	50,000	310,131
<b>End of year</b>	<b>\$ 166,137</b>	<b>\$ 126,671</b>	<b>\$ 50,000</b>	<b>\$ 342,808</b>	<b>\$ 166,697</b>	<b>\$ 114,701</b>	<b>\$ 50,000</b>	<b>\$ 331,398</b>

The accompanying notes are an integral part of these financial statements

**WOMEN HELPING WOMEN**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**Years Ended December 31, 2013 and 2012**

	2013				2012			
	Program	Fund Raising	Management & General	Total Expenses	Program	Fund Raising	Management & General	Total Expenses
Salaries and wages	\$ 445,861	\$ 27,517	\$ 97,603	\$ 570,981	\$ 360,916	\$ 27,097	\$ 77,911	\$ 465,924
Employee benefits	74,221	7,963	9,529	91,713	50,774	7,297	8,629	66,700
Payroll taxes	39,879	2,402	8,105	50,386	32,398	2,411	6,500	41,309
<b>Total salaries and related</b>	<b>559,961</b>	<b>37,882</b>	<b>115,237</b>	<b>713,080</b>	<b>444,088</b>	<b>36,805</b>	<b>93,040</b>	<b>573,933</b>
Occupancy	65,412	9,375	8,842	83,629	67,333	8,977	13,467	89,777
Professional fees	6,279	18,000	9,664	33,943	15,142	15,729	1,451	32,322
Telephone	21,317	654	1,995	23,966	20,259	822	2,467	23,548
Travel	7,989	345	3,239	11,573	5,556	228	3,073	8,857
Printing and publications	5,321	2,662	365	8,348	4,567	1,765	674	7,006
Insurance	7,418	-	-	7,418	6,766	613	-	7,379
Equipment expense and repairs	2,655	3,859	593	7,107	5,556	3,929	1,447	10,932
Supplies	3,799	403	1,528	5,730	2,149	261	1,783	4,193
Conferences, meetings, education	3,257	-	780	4,037	1,509	25	25	1,559
Depreciation	2,327	-	227	2,554	3,391	185	758	4,334
Postage and shipping	380	1,523	420	2,323	1,390	2,764	411	4,565
Membership dues	550	-	-	550	980	-	-	980
In-kind direct services	63,627	-	-	63,627	36,809	-	-	36,809
Miscellaneous	8,130	3,027	4,427	15,584	10,825	567	712	12,104
<b>Total expenses</b>	<b>\$ 758,422</b>	<b>\$ 77,730</b>	<b>\$ 147,317</b>	<b>\$ 983,469</b>	<b>\$ 626,320</b>	<b>\$ 72,670</b>	<b>\$ 119,308</b>	<b>\$ 818,298</b>
Percent of total expenses	77.1%	7.9%	15.0%	100.0%	76.5%	8.9%	14.6%	100.0%

The accompanying notes are an integral part of these financial statements

**WOMEN HELPING WOMEN**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended December 31, 2013 and 2012**

	<b>2013</b>	<b>2012</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
<b>Change in net assets</b>	<b>\$ 11,410</b>	<b>\$ 21,267</b>
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	2,554	4,334
Realized (gains) losses on investments, net	38	32
Unrealized (gains) losses on investments, net	(739)	(761)
(Increase) decrease in:		
Grants and accounts receivable	(14,882)	(6,101)
Prepaid expenses and other assets	(4,496)	8,999
Increase (decrease) in:		
Accounts payable	(3,310)	1,690
Accrued expenses	9,547	8,256
Deferred revenue	17,614	5,675
	<b>17,736</b>	<b>43,391</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(2,570)	-
Proceeds from sale of investments	-	-
	<b>(2,570)</b>	<b>-</b>
<b>Net cash (used in) investing activities</b>	<b>(2,570)</b>	<b>-</b>
<b>Net increase in cash</b>	<b>15,166</b>	<b>43,391</b>
<b>Cash and cash equivalents:</b>		
Beginning of year	200,931	157,540
<b>End of year</b>	<b>\$ 216,097</b>	<b>\$ 200,931</b>

The accompanying notes are an integral part of these financial statements



## WOMEN HELPING WOMEN

### NOTES TO FINANCIAL STATEMENTS

#### (1) Summary of Significant Accounting Policies

This summary of significant accounting policies is presented to assist the reader in understanding the financial statements and notes of Women Helping Women (“the Agency”). The financial statements and notes are representations of the Agency’s management which is responsible for the integrity and objectivity of the financial statements. The accounting policies described in the notes conform to United States Generally Accepted Accounting Principles (“U.S. GAAP”) and have been consistently applied in the preparation of the accompanying financial statements.

#### Nature of Operations

Women Helping Women is an Ohio nonprofit corporation having its primary office in Cincinnati, Ohio. Serving Southwestern Ohio, the Agency’s mission is to empower survivors of sexual assault, domestic violence and stalking by providing advocacy, support and options for safety as well as being an educator for the community to create social change.

In November 2012, the Agency expanded its services into Butler County and opened an office in Oxford, Ohio.

#### Income Taxes

The Agency is considered a tax exempt entity under Section 501(c)(3) of the Internal Revenue Code. As such, it is exempt from federal, state and local income taxes. The Agency is not a private foundation.

#### Financial Statement Presentation

The financial statements have been prepared using the accrual basis of accounting pursuant to United States Generally Accepted Accounting Principles (“U.S. GAAP”). Accordingly, support and revenue are recognized when earned and expenses are recognized when the obligation is incurred.

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets of the Agency and changes therein are classified and reported as follows:

- Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations and may be utilized at the discretion of the Board of Trustees. Temporarily restricted net assets that are received and reclassified to unrestricted net assets within the same fiscal year are presented as unrestricted net assets in the financial statements.
- Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Agency satisfying the purpose or the passage of time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

- Permanently restricted net assets - Net assets for which the principal must be maintained in perpetuity and the income may be spent according to the instructions of the donor, if any. Permanently restricted net assets were \$50,000 as of December 31, 2013 and 2012.

### Reclassifications

Certain amounts reported in the prior year financial statements have been reclassified to conform to the 2013 presentation.

### Recognition of Donations

The Agency is funded mainly through government grants, private grants and contributions. The Agency records gifts of cash and other assets at their fair market value as of the date of contribution. Such donations are recorded as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted revenue. Absent explicit donor stipulations, the Agency reports expirations of donor restrictions when the donated or long-lived assets are placed in service.

The Agency records donated services as revenues in the period received only if the services received create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. See Note 7.

### Functional Expenses

Expenses are charged directly to program services, administrative and/or fund raising based on the nature of the costs as they are incurred. Certain overhead expenses are allocated to these functions based on management estimates and rational methodologies.

### Cash and Cash Equivalents

Cash equivalent balances include all highly liquid investments such as checking, commercial paper, and savings accounts with an original maturity of three months or less. Cash balances maintained in banks are insured by the Federal Deposit Insurance Corporation ("FDIC"). The FDIC limit is generally up to \$250,000. The Agency has not experienced any losses in its cash accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

### Accounts Receivable

The Agency grants credit on open account to various sources, primarily governmental agencies. The Agency has not sustained any significant losses from its accounts receivable and management believes the Agency is not adversely affected by credit risk on its accounts receivable. Accounts receivable are due within one year.

## Investments

U.S. GAAP requires that investments be reported at fair market value utilizing the accounting rules governing *Fair Value Measurements and Disclosures*. Fair market value is defined as the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants using “fair value hierarchy.”

Fair value hierarchy:

- Level 1 – observable quoted prices in liquid active markets for the *identical* assets or liabilities
- Level 2 – observable quoted prices in liquid active markets for *similar* assets or liabilities; observable quoted prices in *non-active* markets; other observable market data corroboration
- Level 3 – unobservable data – little or no market activity

The Agency typically immediately sells any donated securities and transfers the sale proceeds into its investment accounts.

## Property and Equipment

Property and equipment are recorded at cost, or if donated at fair market value when received. The Agency’s policy is to capitalize asset purchases that exceed \$500. Depreciation on buildings and equipment is provided using the straight-line method over the following estimated useful lives:

	<u>Useful Life (years)</u>
Furniture, fixtures and equipment	5 to 7
Computer hardware and software	5

The cost of maintenance and repairs is charged to expense as incurred. Significant renewals and major improvements extending an asset’s useful life are capitalized. When property is sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized as income or expense for the period.

Property and equipment are reviewed for impairment when certain events or changes in operating conditions occur that may significantly affect asset lives or net realizable value. An impairment assessment may be performed to assess future recoverability of asset net book values. No impairment losses were necessary in the accompanying financial statements.

## Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires the Agency’s management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

(2) **Investments**

Investments are as follows as of December 31, 2013 and 2012:

<u>December 31, 2013:</u>	Market Value	Cost	Unrealized gain (loss)
Equity mutual funds	\$ 285	\$ 63	\$ 222
Pooled investments held by Greater Cincinnati Foundation	9,205	5,866	3,339
Total investments - end of year	<u>\$ 9,490</u>	<u>\$ 5,929</u>	<u>\$ 3,561</u>

  

<u>December 31, 2012:</u>	Market Value	Cost	Unrealized gain (loss)
Equity mutual funds	\$ 238	\$ 63	\$ 175
Pooled investments held by Greater Cincinnati Foundation	8,551	5,904	2,647
Total investments - end of year	<u>\$ 8,789</u>	<u>\$ 5,967</u>	<u>\$ 2,822</u>

Investment earnings are as follows during 2013 and 2012:

	2013	2012
Interest and dividends	\$ 81	\$ 212
Realized gains (losses) on investments, net	(38)	(32)
Change in unrealized gains (losses) on investments, net	739	761
Investment earnings, net	<u>\$ 782</u>	<u>\$ 941</u>

(3) **Property and Equipment**

Property and equipment at December 31, 2013 and 2012 consist of the following:

	2013	2012
Office furniture, fixtures and equipment	\$ 38,851	\$ 38,851
Computer hardware and software	40,182	37,612
Total - at cost	79,033	76,463
Less: accumulated depreciation	(75,501)	(72,947)
Property and equipment, net	<u>\$ 3,532</u>	<u>\$ 3,516</u>

Depreciation expense was \$2,554 and \$4,334 during 2013 and 2012, respectively.

(4) **Temporarily Restricted Net Assets**

Temporarily restricted net assets are as follows as of December 31:

	2013	2012
United Way allocation for subsequent year	\$ 118,949	\$ 105,000
Spring Event for next year	500	1,500
Teen Dating Violence Prevention program	3,634	4,881
Various other restrictions	3,588	3,320
Total	<u>\$ 126,671</u>	<u>\$ 114,701</u>

(5) **Special Events**

Special event revenues and their associated expenses were as follows for each year:

	2013	2012
Revenues earned from special events	\$ 101,081	\$ 88,171
Costs and expenses	17,518	12,371
Net revenues earned	<u>\$ 83,563</u>	<u>\$ 75,800</u>

(6) **Operating Lease Agreements**

The Agency leases office space in Cincinnati under a lease expiring December 31, 2017. Monthly payments under this lease include inflationary increases in future years. In December 2012 the Agency signed a 3-year lease commencing in January 2013 for a second location in Oxford, Ohio. Monthly payments under this lease do not include inflationary increases in future years. In September 2012, the Agency entered into a 5-year lease for a copier.

Total lease expense under all operating leases was \$\_\_\_\_ and \$85,705 during 2013 and 2012, respectively. Future minimum lease payments under all operating leases having an initial non-cancelable term in excess of one year are as follows:

2014	\$ 77,914
2015	79,520
2016	70,247
2017	71,260
2018	-
Thereafter	-
	<u>\$ 298,941</u>

(7) **In-Kind Contributions**

The Agency has volunteers who donate significant amounts of time to the Agency's programs and operations. The in-kind donated hours representing direct service programming hours meet the criteria under U.S. GAAP for recording in the accompanying Statements of Activities. The value, if any, for administrative and fund raising hours have been excluded from the accompanying financial statements.

	2013	2012
Total direct service hours	14,108	6,091
Recorded direct service in-kind contribution	\$ 63,627	\$ 36,809
Total administrative and fundraising hours	473	706

(8) **Retirement Plan**

The Agency maintains a tax-deferred retirement plan as per the Internal Revenue Code section 403(b). The 403(b) Plan covers substantially all full-time employees and provides for both employer and employee contributions. Horan Securities administers and is the custodian of the retirement assets. The Agency makes matching contributions of 50% of the first 6% of salary contributed by employees. Total Agency contributions (expenses) were \$7,158 and \$3,693 during 2013 and 2012, respectively.

(9) **Grantor Concentrations**

The Agency received 19% and 22% of its total revenues from the City of Cincinnati during the years ending December 31, 2013 and 2012, respectively. Additionally, the Agency received 15% and 16% of its total revenues from United Way during 2013 and 2012, respectively. Management believes neither of these concentrations will adversely affect the Agency.

(10) **Uncertain Tax Positions**

The Financial Accounting Standards Board ("FASB") recently issued Interpretation No. 48, Accounting for Uncertainty in Income Taxes ("FIN 48") which clarifies the accounting and reporting under U.S. GAAP related to uncertain tax positions. In general terms, all entities are required to evaluate uncertain tax positions, if any, related to income taxes and provide certain FIN 48 disclosures. Women Helping Women's applicable disclosures are as follows:

	2013	2012
Uncertain tax positions	None	None
Interest expense related to tax filings	\$ -	\$ -
Penalties related to tax filings	\$ -	\$ -
Open tax return years subject to examination	2010, 2011, 2012, 2013	2009, 2010, 2011, 2012

(11) **Subsequent Events**

Women Helping Women evaluates events and transactions occurring subsequent to the date of the financial statements (12/31/2013) for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through March 3, 2014, the date on which the financial statements were available to be issued.

**WOMEN HELPING WOMEN**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended December 31, 2013**

**Section I - Summary of Auditor's Results**

***Financial Statements***

Type of auditor's report issued:	Unmodified		
Internal control over financial reporting:			
• Material weakness(es) identified?	Yes	<b>X</b>	No
• Control deficiency(ies) or significant deficiency(ies) identified that are not material weaknesses?	Yes	<b>X</b>	No
• Noncompliance material to financial statements noted?	Yes	<b>X</b>	No

**Section II - Financial Statement Findings**

***Current year:***

No findings.

***Prior year:***

No findings.



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**INDEPENDENT CPA’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  
Women Helping Women  
Cincinnati, OH

We have audited the financial statements of Women Helping Women (“the Agency”) as of and for the year ended December 31, 2013, and have issued our report thereon dated March 3, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Agency’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency’s internal control over financial reporting.

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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. 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.



### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Generally Accepted 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 Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Generally Accepted Government Auditing Standards* in considering the internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of management, the audit committee, the Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Hume CPA Services". The signature is written in a cursive, flowing style.

March 3, 2014