

THE MARSHALL LEGACY INSTITUTE
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORTS
WITH SUPPLEMENTARY INFORMATION

DECEMBER 31, 2017

THE MARSHALL LEGACY INSTITUTE
FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORTS
TABLE OF CONTENTS

Independent Auditors' Report on Financial Statements	2
Financial Statements:	
Statement of Financial Position	4
Statement of Activities	5
Statement of Cash Flows	6
Notes to Financial Statements	7
Supplementary Information	
Schedule of Functional Expenses	11
Schedule of Indirect Costs	12
Schedule of Expenditures of Federal Awards	13
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	14
Independent Auditors' Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	16
Schedule of Findings and Questioned Costs	18

Brooks, Harrison Company, L.L.C.

2275 Research Boulevard, Suite 500
Rockville, Maryland 20850

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Board of Directors of
The Marshall Legacy Institute

We have audited the accompanying financial statements of The Marshall Legacy Institute (the Institute), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Marshall Legacy Institute as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 30, 2018, on our consideration of the Institute'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 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 the Institute's internal control over financial reporting and compliance.

Brooks, Harrison Company

Rockville, Maryland
October 30, 2018

THE MARSHALL LEGACY INSTITUTE
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	363,746
Grants and contributions receivable		228,043
Prepaid expenses		11,035
Total Current Assets		602,824

PROPERTY AND EQUIPMENT

Furniture & equipment		13,461
Website		11,040
Leasehold improvements		7,135
Less, accumulated depreciation and amortization		(28,454)
Property and Equipment, Net		3,182

OTHER ASSETS

4,133

TOTAL ASSETS

\$ 610,139

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	53,646
Deferred rent		4,678
Total Current Liabilities		58,324

NET ASSETS

Unrestricted net assets		401,754
Temporarily restricted net assets		150,061
Total Net Assets		551,815

TOTAL LIABILITIES AND NET ASSETS

\$ 610,139

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

THE MARSHALL LEGACY INSTITUTE

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2017

SUPPORT AND REVENUE	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Contributions	\$ 160,791	\$ 286,574	\$ 447,365
Grants and contracts	1,023,211	231,129	1,254,340
Investments and interest	502	-	502
Other income	186	-	186
Net assets released from restrictions	<u>482,523</u>	<u>(482,523)</u>	<u>-</u>
Total Support and Revenue	<u>1,667,213</u>	<u>35,180</u>	<u>1,702,393</u>
EXPENSES			
Program Services			
K-9 Demining Corps	1,168,544	-	1,168,544
Mine Awareness and Victims Assistance	<u>267,432</u>	<u>-</u>	<u>267,432</u>
Total Program Services	<u>1,435,976</u>	<u>-</u>	<u>1,435,976</u>
Supporting Services			
Management and general	98,384	-	98,384
Fundraising	<u>181,615</u>	<u>-</u>	<u>181,615</u>
Total Supporting Services	<u>279,999</u>	<u>-</u>	<u>279,999</u>
Total Expenses	<u>1,715,975</u>	<u>-</u>	<u>1,715,975</u>
CHANGE IN NET ASSETS	(48,762)	35,180	(13,582)
Net Assets, Beginning of Year	<u>450,516</u>	<u>114,881</u>	<u>565,397</u>
NET ASSETS, END OF YEAR	<u><u>\$ 401,754</u></u>	<u><u>\$ 150,061</u></u>	<u><u>\$ 551,815</u></u>

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

THE MARSHALL LEGACY INSTITUTE

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (13,582)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	989
Decrease (Increase) in:	
Grants and contributions receivable	123,139
Prepaid expenses	15,116
Increase (Decrease) in:	
Accounts payable	(72,892)
Deferred rent	<u>(2,673)</u>
Net Cash Provided by Operating Activities	<u>50,097</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of furniture and equipment	<u>(3,219)</u>
Net Cash Used In Investing Activities	<u>(3,219)</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 46,878
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>316,868</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 363,746</u></u>

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

THE MARSHALL LEGACY INSTITUTE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

Note 1: Organization and Summary of Significant Accounting Policies

Organization

The Marshall Legacy Institute (the Institute) is a Virginia-based, non-profit, non-governmental, international humanitarian organization founded in 1996. The mission of the Institute is to extend the legacy of George C. Marshall into the 21st Century, to alleviate suffering, restore hope, and create the conditions that nurture stability. The Institute's vision is to be a project-oriented organization focused on building indigenous capacity in the developing world, acknowledged throughout the international community for its commitment, contacts, expertise and ability to accomplish difficult tasks. The Institute's primary sources of revenue are grants and contracts from government agencies, institutes and corporations, and contributions from individuals.

Cash Equivalents

The Institute considers short-term certificates of deposit and money market funds to be cash equivalents.

Furniture, Equipment and Leasehold Improvements

Furniture and equipment are recorded at cost and are depreciated using the straight-line method over the estimated useful lives of three to five years. Expenditures for major repairs and improvements are capitalized; expenditures for minor repairs and maintenance costs are charged to expense when incurred.

Leasehold improvements are recorded at cost and amortized over the lease term.

Classification of Net Assets

The net assets are reported as follows:

- Unrestricted net assets represent the portion of expendable assets that are available for support of the Institute's operations.
- Temporarily restricted net assets represent assets that are specifically restricted by donors for various programs or future periods.

THE MARSHALL LEGACY INSTITUTE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

Revenue Recognition

Unconditional grants and contributions are recorded as revenue in the year in which payments are received or unconditional promises are made, whichever occurs first. The Institute reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor-imposed 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 accompanying statement of activities as net assets released from restrictions.

The Institute receives grant and contract revenue from United States government agencies and as a subcontractor to federal government contractors. Revenue from these grants and contracts is recognized as costs are incurred, on the basis of direct costs plus allowable indirect expenses. Revenue recognized on grants and contracts for which billings have not been sent and/or collected from grantors is reported in grants and contributions receivable in the accompanying statement of financial position.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying schedule of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Estimates

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

Subsequent Events

The Institute has evaluated subsequent events through October 30, 2018, the date which the financial statements were available to be issued.

Note 2: Grants and Contributions Receivable

Grants and contributions receivable at December 31, 2017, were comprised of federal grants receivable and sub-grantee advances.

THE MARSHALL LEGACY INSTITUTE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

Note 3: Temporarily Restricted Net Assets

At December 31, 2017, temporarily restricted net assets were available for the following programs:

K-9 Demining Corps	\$ 58,253
MDDPP	<u>91,808</u>
Total	<u>\$ 150,061</u>

Note 4: Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code, the Institute is exempt from the payment of taxes on income other than net unrelated business income. The Institute had no net unrelated business income during the year and accordingly, no provision for income tax was required.

Note 5: Lease Commitment

The Institute leases its current office space in Arlington, Virginia under a noncancelable operating lease which expires in 2018. The lease agreement contains a provision for an increase in rent of 5% per annum beginning on the first anniversary date. Total rent expense attributable to the Institute's office space for the year ended December 31, 2017 was \$63,843. Rent expense is recorded on a straight-line basis over the lease term, and the accumulated difference between payments and expenses is recorded as Deferred Rent in the Statement of Financial Position. Future minimum rental payments for the year ending 2018 is \$63,200.

Note 6: Retirement Plan

The Institute maintains a defined contribution retirement plan under Section 403(b) of the Internal Revenue Code, which is available to all eligible employees. Eligible employees may contribute to the plan up to the maximum limits established by the plan. The Institute provides an employer contribution equal to 3% of each employee's salary and these contributions are immediately vested. Retirement expense for the year ended December 31, 2017 was \$51,856, and is included in salaries and benefits expense in the accompanying schedule of functional expenses.

SUPPLEMENTARY INFORMATION

THE MARSHALL LEGACY INSTITUTE
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017

	Program Services				Supporting Services				
	K-9 Demining Corps								
	Champs and Other K-9	MDDP	Total	Victims Assistance	Total Program Services	Fundraising	Management and General	Administrative and Overhead	Total Expenses
Dogs	\$ -	157,867	\$ 157,867	\$ -	\$ 157,867	\$ -	-	-	\$ 157,867
Subcontracts and consultants	171,468	242,664	414,132	188,036	602,168	-	500	-	602,668
Salaries, benefits and payroll taxes	217,616	210,078	427,694	60,754	488,448	68,820	74,871	62,332	694,471
Travel and meals	15,676	17,614	33,290	2,761	36,051	3,927	2,825	-	42,803
Meetings and conferences	5,070	4,576	9,646	104	9,750	82,658	733	732	93,873
Rent	19,765	20,427	40,192	5,918	46,110	6,716	5,509	5,508	63,843
Office and supplies expenses	6,758	7,784	14,542	1,426	15,968	6,377	-	1,863	24,208
Postage, printing and reproduction	1,124	670	1,794	15	1,809	4,134	-	2,191	8,134
Telephone, internet and website	1,434	458	1,892	8	1,900	-	2,206	2,207	6,313
Depreciation	-	-	-	-	-	-	-	989	989
Professional fees	2,750	6,257	9,007	480	9,487	-	1,966	1,966	13,419
Insurance	-	-	-	-	-	-	-	4,725	4,725
Ambassador vet	2,050	612	2,662	-	2,662	-	-	-	2,662
General and administrative allocation	28,405	27,421	55,826	7,930	63,756	8,983	9,774	(82,513)	-
	<u>\$ 472,116</u>	<u>\$ 696,428</u>	<u>\$ 1,168,544</u>	<u>\$ 267,432</u>	<u>\$ 1,435,976</u>	<u>\$ 181,615</u>	<u>\$ 98,384</u>	<u>\$ -</u>	<u>\$ 1,715,975</u>

See independent auditors' report.

THE MARSHALL LEGACY INSTITUTE

SCHEDULE OF INDIRECT COSTS

YEAR ENDED DECEMBER 31, 2017

	<u>Administrative and Overhead</u>	<u>Management and General</u>	<u>Total</u>
Salaries, benefits and payroll taxes	\$ 62,332	\$ 74,871	\$ 137,203
Travel, meals and entertainment	-	2,825	2,825
Meetings and conferences	732	733	1,465
Rent	5,508	5,509	11,017
Office expenses and supplies	1,863	-	1,863
Postage, printing and reproduction	2,191	-	2,191
Telephone, internet and website	2,207	2,206	4,413
Depreciation	989	-	989
Professional fees	1,966	1,966	3,932
Insurance	4,725	-	4,725
	<u>82,513</u>	<u>88,110</u>	<u>170,623</u>
General and administrative allocation	<u>(9,774)</u>	<u>9,774</u>	<u>-</u>
	<u>\$ 72,739</u>	<u>\$ 97,884</u>	<u>\$ 170,623</u>
Total Direct Costs	\$ 1,545,352	\$ 1,545,352	\$ 1,545,352
Less excess subcontract amounts *	<u>(609,871)</u>	<u>(609,871)</u>	<u>(609,871)</u>
Total Direct Costs Base	<u>\$ 935,481</u>	<u>\$ 935,481</u>	<u>\$ 935,481</u>
Indirect Cost Rate	<u>7.78%</u>	<u>10.46%</u>	<u>18.24%</u>

* Subcontract amounts in excess of \$25,000 are not included in the direct costs base.

See independent auditors' report.

THE MARSHALL LEGACY INSTITUTE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2017

Federal Grantor Award Title/Project Title	CFDA Number	Contract Number	Expenditures
U.S. Department of State			
Mine Detection Dog Partnership Program (MDDPP)			
Sri Lanka	19.8	S-PMWRA-16-GR-1055	\$ 163,622
Lebanon	19.8	S-PMWRA-15-GR-1032	164,833
Lebanon	19.8	S-PMWRA-17-GR-1043	14,625
Bosnia	19.8	S-PMWRA-17-GR-1036	115,000
MDDPP/Children Against Mines Program (CHAMPS)			
Bosnia	19.8	S-PMWRA-15-GR-1001	69,909
Bosnia	19.8	S-PMWRA-15-GR-1110	80,395
Children Against Mines Program (CHAMPS)			
Yemen	19.8	S-PMWRA-13-GR-1053	147,944
Yemen	19.8	S-PMWRA-17-GR-1028	98,439
US Embassy in Iraq	19.021	SIZ-100-17-GR-019	32,881
Subrecipient Award - AMAR Int'l Charitable Fdn.			
			\$ 887,648
Total Federal Programs			

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the The Marshall Legacy Institute and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the accompanying financial statements. The Institute has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

See independent auditors' report.

Brooks, Harrison Company, L.L.C.

2275 Research Boulevard, Suite 500
Rockville, Maryland 20850

**INDEPENDENT AUDITORS' 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**

To the Board of Directors
The Marshall Legacy Institute

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Marshall Legacy Institute (the Institute), (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 30, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Institute's internal control over financial reporting (internal control) to determine the 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 the Institute's internal control. Accordingly, we do not express an opinion on the effectiveness of the Institute's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Institute'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 *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 organization'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 organization's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Brooks, Harrison Company".

Rockville, Maryland
October 30, 2018

Brooks, Harrison Company, L.L.C.

2275 Research Boulevard, Suite 500
Rockville, Maryland 20850

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

To the Board of Directors
The Marshall Legacy Institute

Report on Compliance for Each Major Federal Program

We have audited the compliance of The Marshall Legacy Institute (the Institute) with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Institute's major federal programs for the year ended December 31, 2017. The Institute's major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Institute's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The Institute's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Institute's compliance.

Opinion on Each Major Federal Program

In our opinion, the Institute complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal programs for the year ended December 31, 2017.

Member of the Private Companies Practice Section of the Division for CPA Firms of the American Institute of Certified Public Accountants

888-698-1842 • Washington, DC • Rockville, MD • Tallahassee, FL • <http://brooks-harrison.com>

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance that are required to be reported in accordance with the Uniform Guidance.

Report on Internal Control Over Compliance

The management of the Institute is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Institute's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances, for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion of the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Institute's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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.



Rockville, Maryland
October 30, 2018

THE MARSHALL LEGACY INSTITUTE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017

SECTION A - SUMMARY OF AUDITORS' RESULTS

Financial Statements

- | | | |
|----|--|-------------|
| 1. | Type of auditors' report issued | Unqualified |
| 2. | Internal control over financial reporting: | |
| | a. Material weakness identified? | No |
| | b. Significant deficiencies identified not considered to be material weaknesses? | No |
| | c. Noncompliance material to the financial statements noted? | No |

Federal Awards

- | | | |
|----|---|-------------|
| 1. | Internal control over major programs: | |
| | a. Material weakness identified? | No |
| | b. Significant deficiencies identified not considered to be material weaknesses? | No |
| 2. | Type of auditors' report issued on compliance for major programs. | Unqualified |
| 3. | Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance Section 5010 (a)? | No |
| 4. | Identification of major program:
U.S. Department of State
Mine Detection Dog Partnership Program (MDDPP) | |
| 5. | Dollar threshold used to distinguish between Type A and Type B programs | \$750,000 |
| 6. | Auditee qualified as a low-risk auditee under the Uniform Guidance? | Yes |

See independent auditors' report.

THE MARSHALL LEGACY INSTITUTE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017

SECTION B - FINANCIAL STATEMENT FINDINGS

No matters involving instances of noncompliance or internal control, that are required to be reported under Government Auditing Standards were reported.

SECTION C - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters involving instances of noncompliance or internal control, that are required to be reported under Section 510(a) of Circular A-133 were reported.

See independent auditors' report.