HUMANITARIAN OPENSTREETMAP TEAM
UNITED STATES INC.

AUDIT REPORT

FINANCIAL AND FEDERAL AWARD
COMPLIANCE EXAMINATION

FOR THE YEAR ENDED DECEMBER 31, 2017
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<td></td>
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<td></td>
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FINANCIAL STATEMENTS

HUMANITARIAN OPENSTREETMAP TEAM
UNITED STATES INC.

FOR THE YEAR ENDED DECEMBER 31, 2017
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Humanitarian OpenStreetMap Team United States Inc.
Washington, D.C.

Report on the Financial Statements

We have audited the accompanying financial statements of the Humanitarian OpenStreetMap Team United States Inc. (HOT), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and change in net assets, functional expenses 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.

Auditor’s 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 auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HOT as of December 31, 2017, and the change 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 Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenditures of Federal Awards on page I-12, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), 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 June 5, 2019, on our consideration of HOT’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 this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of HOT’s internal control over financial reporting or compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering HOT’s internal control over financial reporting and compliance.

June 5, 2019
HUMANITARIAN OPENSTREETMAP TEAM UNITED STATES INC.

STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017

<table>
<thead>
<tr>
<th>ASSETS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and equivalents</td>
<td>$492,464</td>
</tr>
<tr>
<td>Grants and other receivables</td>
<td>155,952</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>16,678</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>$665,094</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES AND NET ASSETS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>$69,005</td>
</tr>
<tr>
<td>Accrued salaries and related benefits</td>
<td>32,494</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>101,499</strong></td>
</tr>
</tbody>
</table>

| **NET ASSETS**                |       |
| Unrestricted                  | 113,470 |
| Temporarily restricted         | 450,125 |
| **Total net assets**          | **563,595** |

| **TOTAL LIABILITIES AND NET ASSETS** | **$665,094** |

See accompanying notes to financial statements.
HUMANITARIAN OPENSTREETMAP TEAM UNITED STATES INC.

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2017

<table>
<thead>
<tr>
<th>SUPPORT AND REVENUE</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants and contributions</td>
<td>$ 144,289</td>
<td>$ 1,956,747</td>
<td>$ 2,101,036</td>
</tr>
<tr>
<td>Contributed services and materials</td>
<td>3,248</td>
<td>-</td>
<td>3,248</td>
</tr>
<tr>
<td>Special events</td>
<td>33,256</td>
<td>-</td>
<td>33,256</td>
</tr>
<tr>
<td>Other revenue</td>
<td>462</td>
<td>-</td>
<td>462</td>
</tr>
<tr>
<td>Net assets released from donor restrictions</td>
<td>2,196,420</td>
<td>(2,196,420)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td><strong>2,377,675</strong></td>
<td><strong>(239,673)</strong></td>
<td><strong>2,138,002</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENSES</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Services</td>
<td>1,971,120</td>
<td>-</td>
<td>1,971,120</td>
</tr>
<tr>
<td>Supporting Services:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management and General</td>
<td>306,243</td>
<td>-</td>
<td>306,243</td>
</tr>
<tr>
<td>Fundraising</td>
<td>802</td>
<td>-</td>
<td>802</td>
</tr>
<tr>
<td>Total supporting services</td>
<td>307,045</td>
<td>-</td>
<td>307,045</td>
</tr>
<tr>
<td>Total expenses</td>
<td>2,278,165</td>
<td>-</td>
<td>2,278,165</td>
</tr>
</tbody>
</table>

Change in net assets | 99,510       | (239,673)              | (140,163) |

Net assets at beginning of year | 13,960       | 689,798                | 703,758   |

**NET ASSETS AT END OF YEAR** | **$ 113,470** | **$ 450,125** | **$ 563,595** |

See accompanying notes to financial statements.
HUMANITARIAN OPENSTREETMAP TEAM UNITED STATES INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

<table>
<thead>
<tr>
<th>Supporting Services</th>
<th>Program Services</th>
<th>Management and General</th>
<th>Fundraising</th>
<th>Total Supporting Services</th>
<th>Total Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants</td>
<td>$40,347</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$40,347</td>
</tr>
<tr>
<td>Personnel</td>
<td>133,550</td>
<td>169,707</td>
<td></td>
<td>169,707</td>
<td>303,257</td>
</tr>
<tr>
<td>Office expenses</td>
<td>72,237</td>
<td>5,487</td>
<td>467</td>
<td>5,954</td>
<td>78,191</td>
</tr>
<tr>
<td>Occupancy</td>
<td>42,833</td>
<td>2,775</td>
<td></td>
<td>2,775</td>
<td>45,608</td>
</tr>
<tr>
<td>Contract services</td>
<td>1,011,188</td>
<td>5,843</td>
<td></td>
<td>5,843</td>
<td>1,017,031</td>
</tr>
<tr>
<td>Business services</td>
<td>39,180</td>
<td>30,640</td>
<td></td>
<td>30,640</td>
<td>69,820</td>
</tr>
<tr>
<td>Travel</td>
<td>282,121</td>
<td>32,971</td>
<td></td>
<td>32,971</td>
<td>315,092</td>
</tr>
<tr>
<td>Information technology</td>
<td>342,229</td>
<td>12,726</td>
<td></td>
<td>12,726</td>
<td>354,955</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>7,435</td>
<td>46,094</td>
<td>335</td>
<td>46,429</td>
<td>53,864</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$1,971,120</strong></td>
<td><strong>$306,243</strong></td>
<td><strong>$802</strong></td>
<td><strong>$307,045</strong></td>
<td><strong>$2,278,165</strong></td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
HUMANITARIAN OPENSTREETMAP TEAM UNITED STATES INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net assets</td>
<td>$(140,163)</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash used by operating activities:</td>
<td></td>
</tr>
<tr>
<td>Decrease (increase) in:</td>
<td></td>
</tr>
<tr>
<td>Grants and other receivables</td>
<td>13,220</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>(16,678)</td>
</tr>
<tr>
<td>Increase in:</td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>30,656</td>
</tr>
<tr>
<td>Accrued salaries and related benefits</td>
<td>20,451</td>
</tr>
<tr>
<td>Net cash used by operating activities</td>
<td>(92,514)</td>
</tr>
</tbody>
</table>

Net decrease in cash and cash equivalents         (92,514)

Cash and cash equivalents at beginning of year    584,978

CASH AND CASH EQUIVALENTS AT END OF YEAR           $ 492,464

See accompanying notes to financial statements.
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The Humanitarian OpenStreetMap Team United States Inc. (HOT) is a non-profit organization, incorporated and located in the District of Columbia. HOT’s mission is to promote the creation, maintenance and usage of free geodata for humanitarian response and economic development.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, Not-for-Profit Entities.

Cash and cash equivalents -

HOT considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of $250,000. At times during the year HOT maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

HOT had approximately $73,356 of cash and cash equivalents held at financial institutions in foreign countries at December 31, 2017. The majority of funds invested in foreign countries are uninsured.

Grants and other receivables -

Grants and other receivables are recorded at their net realizable value, which approximates fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Income taxes -

HOT is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. HOT is not a private foundation.

Uncertain tax positions -

For the year ended December 31, 2017, HOT has documented its consideration of FASB ASC 740-10, Income Taxes, that provides guidance for reporting uncertainty in income taxes, and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Net asset classification -

The net assets are reported in two self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of HOT and include both internally designated and undesignated resources.
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Net asset classification (continued) -

- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of HOT and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Change in Net Assets as net assets released from donor restrictions.

Contributions and grants -

Unrestricted and temporarily restricted contributions and grants are recorded as revenue in the year notification is received from the donor. Temporarily restricted contributions and grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions.

Such funds in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

Contributed services and materials -

Contributed services and materials consist of donated furniture. Contributed services and materials are recorded at their fair value as of the date of the gift. In addition, volunteers have donated significant amounts of their time to HOT; these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

Foreign currency translation -

The U.S. Dollar is the functional currency for HOT's worldwide operations. Transactions in currencies other than U.S. Dollars are translated into dollars at the rate of exchange in effect during the month of the transaction. Assets and liabilities denominated in currencies other than U.S. Dollars are translated into dollars at the exchange rate in effect at the date of the Statement of Financial Position.

Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.
New accounting pronouncements (not yet adopted) -

In August 2016, the FASB issued ASU 2016-14, Presentation of Financial Statements of Not-for-Profit Entities (Topic 958), intended to improve financial reporting for not-for-profit entities. The ASU will reduce the current three classes of net assets into two: with and without donor restrictions. The change in each of the classes of net assets must be reported on the Statement of Activities and Change in Net Assets. The ASU also requires various enhanced disclosures around topics such as board designations, liquidity, functional classification of expenses, investment expenses, donor restrictions, and underwater endowments. The ASU is effective for fiscal years beginning after December 15, 2017. Early adoption is permitted. The ASU should be applied on a retrospective basis in the year the ASU is first applied. While the ASU will change the presentation of the HOT's financial statements, it is not expected to alter the HOT's reported financial position.

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made, which is intended to clarify and improve current guidance about whether a transfer of assets is an exchange transaction or a contribution. The amendments in this ASU provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional or unconditional. The amendments in this ASU could result in more grants and contracts being accounted for as contributions than under previous GAAP. The ASU recommends application on a modified prospective basis; however, retrospective application is permitted. The HOT has not yet decided on a transition method. The ASU is effective for fiscal years beginning after December 15, 2018.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). The ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance. The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 by a year; thus, the effective date is fiscal years beginning after December 15, 2018. Early adoption is permitted. HOT has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on its financial statements.

In 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the statement of financial position and disclosing key information about leasing arrangements. The ASU is effective for private entities for fiscal years beginning after December 15, 2019. Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach.

HOT plans to adopt the new ASUs at the respective required implementation dates.
2. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at December 31, 2017:

| Program Services | $ 450,125 |

The following temporarily restricted net assets were released from donor restrictions by incurring expenses which satisfied the restricted purposes specified by the donors:

| Program Services | $ 2,196,420 |

3. LEASE COMMITMENTS

HOT leases office space and shared housing for its employees in various locations. The terms of the leases range in length from three to twelve months. Rent expense for the year ended December 31, 2017 totaled $45,608, and is included in Occupancy expense in the accompanying Statement of Functional Expenses.

4. SUBSEQUENT EVENTS

In preparing these financial statements, HOT has evaluated events and transactions for potential recognition or disclosure through June 5, 2019, the date the financial statements were issued.
SUPPLEMENTAL INFORMATION
HUMANITARIAN OPENSTREETMAP TEAM UNITED STATES INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017

<table>
<thead>
<tr>
<th>Federal Grantor</th>
<th>Federal CFDA Number</th>
<th>Pass-Through Entity Identifying Number</th>
<th>Pass-Through to Subrecipients</th>
<th>Total Federal Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Agency for International Development (USAID)</td>
<td>98.001</td>
<td>MA1015</td>
<td>$</td>
<td>$395,396</td>
</tr>
<tr>
<td>U.S. Agency for International Development (USAID)</td>
<td>98.001</td>
<td>1002477-IQC-16S-26237-00</td>
<td>-</td>
<td>138,137</td>
</tr>
<tr>
<td><strong>Subtotal CFDA 98.001</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>533,533</strong></td>
</tr>
<tr>
<td>Millennium Challenge Corporation</td>
<td>85.002</td>
<td>FY18-DZ-HOT-01</td>
<td>-</td>
<td>40,656</td>
</tr>
<tr>
<td>U.S. Department of State</td>
<td>19.522</td>
<td>N/A</td>
<td>-</td>
<td>467,485</td>
</tr>
<tr>
<td><strong>TOTAL EXPENDITURES OF FEDERAL AWARDS</strong></td>
<td></td>
<td></td>
<td>$</td>
<td><strong>$1,041,674</strong></td>
</tr>
</tbody>
</table>

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the Federal award activity of HOT under programs of the United States Government for the year ended December 31, 2017. Information on the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The Schedule presents only a selected portion of the operations of HOT; accordingly, it is not intended to and does not present the financial position, changes in net assets or cash flows of HOT.

Note 2. Summary of Significant Accounting Policies

Expenditures on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. HOT has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3. Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements

Total net assets released from restrictions (Note 2 to the financial statements) $2,196,420
Less: Non-U.S. Government assistance awards (1,154,746)

**TOTAL EXPENDITURES OF FEDERAL AWARDS** $1,041,674
Section I - Summary of Auditor’s Results

Financial Statements

1). Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP on the accrual basis of accounting: Unmodified

2). Internal control over financial reporting:
   - Material weakness(es) identified? Yes □ No
   - Significant deficiency(ies) identified? Yes □ None Reported

3). Noncompliance material to financial statements noted? □ Yes □ No

Federal Awards

4). Internal control over major federal programs:
   - Material weakness(es) identified? □ Yes □ No
   - Significant deficiency(ies) identified? Yes □ None Reported

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

6). Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? □ Yes □ No

7). Identification of major federal programs:

<table>
<thead>
<tr>
<th>CFDA Number(s)</th>
<th>Name of Federal Program or Cluster</th>
</tr>
</thead>
<tbody>
<tr>
<td>19.522</td>
<td>U.S. Department of State</td>
</tr>
</tbody>
</table>

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

9). Auditee qualified as a low-risk auditee? □ Yes □ No
Section II - Financial Statement Findings

Finding 2017-001: Reporting of Known Fraud (Uganda Office)

Criteria or Specific Requirement: 22 CFR 226 Subpart C Section 21 "Standards for Financial Management Systems" requires recipients of Federal funds to adequately safeguard all assets and assure they are used solely for authorized purposes.

Condition: During 2017, an independent contractor perpetrated a fraud in the HOT-Uganda office. This individual circumvented the internal controls by submitting falsified receipts obtained from local vendors. HOT conducted a detailed internal investigation and determined the total amount embezzled through either falsified receipts, theft or unsupported expenses was $43,161.

Cause: Adequate monitoring controls were not in place in the Uganda field office.

Effect or Potential Effect: HOT did not adequately safeguard its assets.

Recommendation: We recommend HOT enforce compliance with policies and procedures to ensure adequate oversight of all field offices is occurring on a monthly basis. All field offices should be subject to an internal audit-type review on an annual basis to ensure compliance with HOT policies. Additionally, we recommend an evaluation of the internal control structure in HOT’s field offices to ensure adequate segregation of duties within the working environment. The basic premise is that no one employee, when possible, should have access to both physical assets and the related accounting records or involved in all phases of a transaction. If any one employee can control all stages of a transaction, material defalcations or irregularities could occur and go undetected for an extended period of time.

Views of Responsible Officials and Planned Corrective Actions: We agree with the finding. Since the incident of fraud in 2017, HOT has developed a more robust set of fiscal policies & procedures that outline stricter internal controls, especially around segregation of duties, monthly expense/receipt auditing, and all other ongoing accounting practices at the field level. As of May 2019, all finance and project staff are receiving training on internal controls and organizational fiscal policies & procedures in general. Per the updated policies, HOT’s central finance & admin team has additional oversight responsibility for internal controls, including annual internal audits, monthly receipts auditing, approval of bank reconciliation and cash logs, etc.

Anticipated Completion Date and Responsible Official(s): June 30, 2019, Director of Finance & Administration

Finding 2017-002: Cash

Criteria or Specific Requirement: 22CFR Subpart C, Section 226.21 "Standards for Financial Management Systems" indicates that the recipient’s financial management system should provide for "effective control over and accountability for all funds, property and other assets."

Condition: We noted the following matters with respect to the monthly reconciliations of HOT’s bank (and petty cash) accounts during our audit:

- Cash held in Indonesia, Uganda and Tanzania at December 31, 2017 was not properly reconciled to the general ledger and required adjustment (also not reviewed/approved by headquarters).
- No evidence of a formal review and approval process with respect to monthly bank reconciliations.
- No policies or procedures in place to reconcile petty cash in foreign countries.
Finding 2017-002: Cash (Continued)

**Cause:** Management had not developed procedures for monthly reconciliations of cash accounts.

**Effect or Potential Effect:** Without the proper reconciliation of all accounts on a monthly basis in a timely manner, as well as the proper review and approval of such reconciliations, there exists the potential for errors and misappropriation of funds.

**Recommendation:** Accordingly, we strongly suggest management review its current monthly cash reconciliation procedures and strengthen its practices (including the review and approval process) to ensure the aforementioned conditions are addressed in the upcoming year; evidence of a supervisory review and approval process should be documented and maintained in the Finance files (either electronic or physical evidence is acceptable).

**Views of Responsible Officials and Planned Corrective Actions:** We agree with the finding. In HOT’s updated fiscal policies & procedures, expected to be finalized by mid-2019, monthly bank statement and petty cash reconciliation policies and procedures - and associated approvals at office and HQ levels - are detailed in length. These policies & procedures are featured in finance and project staff trainings being carried out by mid-2019 in all office locations, and will be the topic of ongoing finance trainings for new and existing finance staff.

**Anticipated Completion Date and Responsible Official(s):** June 30, 2019, Director of Finance & Administration

Finding 2017-003: Supporting Documentation

**Criteria or Specific Requirement:** 2 CFR 200.303 “Internal Controls” requires recipients of Federal funds to establish internal controls that should be in compliance with guidance in the “Integral Control Integrated Framework” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

**Condition:** We experienced significant delays in obtaining supporting documentation for revenue and expense transactions sampled during the course of our audit. It should be noted that in the majority of cases, adequate documentation (or an appropriate substitute) was eventually located by management and furnished to us for our inspection.

**Cause:** Policies and procedures related to adequate documentation and support for revenue and expense transactions had not been fully developed.

**Effect or Potential Effect:** The audit process was delayed due to inefficiencies realized in connection with the review of the basic documentation supporting our audit samples. It should be noted that in the majority of cases, adequate documentation (or an appropriate substitute) was eventually located by management and furnished to us for our inspection. Additionally, a lack of procedures related to supporting documentation could leave the organization vulnerable to inappropriate or excessive spending.

**Recommendation:** Management should develop and implement a system and method for the retention and storage of supporting documentation for all of its financial transactions (including relevant documents such as contracts and other contemporaneously documented supporting materials).
Section II - Financial Statement Findings (Continued)

Finding 2017-003: Supporting Documentation (Continued)

Recommendation (continued): The system should allow management and staff to easily identify and locate documentation for review as well as in support of all external audit functions (independent audit, donor audit, IRS examination, etc.). Additionally, all supporting documentation should contain evidence of proper general ledger coding.

Views of Responsible Officials and Planned Corrective Actions: We agree with the time delay component of this finding and take seriously the need for structured systems for retention and storage of documentation, especially as a virtual organization. HOT feels the time delay was not excessive, however, given the quantity of supporting documentation requested and the speed at which the audit process started. The causes of time delays were largely due to 1) the nature of supporting documentation requested, which included hundreds of field expenses that in part had not yet been digitized, and 2) a staffing transition that slowed down the technical pulling files as a result of basic unfamiliarity with the existing system. Since the time of the audit, HOT has reinforced the importance of central and well-organized storage of key documentation throughout the organization. Staff have received training on the importance of documentation, proper general ledger coding, and on file storage within HOT’s virtual storage system.

Anticipated Completion Date and Responsible Official(s): June 30, 2019, Director of Finance & Administration

Finding 2017-004: Financial Reporting

Criteria or Specific Requirement: 2 CFR 200.303 “Internal Controls” requires recipients of Federal funds to establish internal controls that should be in compliance with guidance in the "Integral Control Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition: During our audit, we noted numerous asset and liability accounts that were not properly reconciled and required adjustment. As a result of our audit, several adjustments were recorded in the unaudited financial statements, resulting in a decrease in the current year change in net assets of approximately $54,000.

Cause: Adequate controls were not in place to identify balance sheet accounts that should be reconciled. Management did not have policies in place to monitor these accounts and reports.

Effect or Potential Effect: The lack of adequate financial reporting and close processes could lead to potential errors in financial reports. Ultimately, inappropriate decisions and actions could be taken by management based on misreported financial results and information.

Recommendation: We recommend that supporting subsidiary schedules be prepared and reconciled to the corresponding general ledger account balances at the end of each month. All supporting schedules should be prepared by HOT’s respective accountants (in the U.S./Headquarters, Tanzania, Uganda, Liberia, Turkey and Indonesia) and approved by the appropriate supervisor prior to the issuance of internal financial statements. Ultimately, a final review of all reconciliations should be performed in the U.S./Headquarters office on a monthly basis, and evidence of a supervisory review and approval process should be documented and maintained in the Finance files (either electronic or physical evidence is acceptable).
Section II - Financial Statement Findings (Continued)

Finding 2017-004: Financial Reporting (Continued)

Views of Responsible Officials and Planned Corrective Actions: We agree with the finding. Since 2017, HOT has implemented stronger controls around financial reporting. These controls are outlined in our fiscal policies & procedures and processes are followed each month to review, reconcile and approve monthly financial reports and balances. Implementation of supporting subsidiary schedules submission and approval will take place immediately upon receipt of the audit report.

Anticipated Completion Date and Responsible Official(s): September 30, 2019, Director of Finance and Administration

Finding 2017-005: Temporarily Restricted Revenue Analysis

Criteria or specific requirement: 2 CFR 200.303 “Internal Controls” requires recipients of Federal funds to establish internal controls that should be in compliance with guidance in the “Integral Control Integrated Framework” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition: HOT did not prepare a reconciliation of its donor-restricted contributions (and related releases from restrictions) on a regular basis.

Cause: Turnover in both management positions and outside accountants resulted in a lack of accountability for the preparation of the temporarily restricted revenue analysis. There were no policies or procedures in place documenting when and how the analysis should be prepared.

Effect or Potential Effect: Inaccurate tracking and analysis of restricted revenue could lead to misstated financial information reported to donors.

Recommendation: We recommend HOT develop and implement policies and procedures around the temporarily restricted revenue analysis. The schedule should be prepared (outside of the accounting system) on a quarterly basis and include restricted award revenue (and releases from restrictions) activity.

Views of Responsible Officials and Planned Corrective Actions: We agree with the finding that HOT should develop and implement policies and procedures to carry out this analysis on a quarterly basis. As of 2019, HOT management carries out a monthly review of restricted and unrestricted spending and funding balances, but going forward will include a more detailed analysis outside of the accounting software reports.

Anticipated Completion Date and Responsible Official(s): June 30, 2019, Director of Finance & Administration

See also Section III - Federal Award Findings and Questioned Costs - Findings 2017-006 and 2017-007
Finding 2017-006: Procurement

Information on the Federal Programs: CFDA #19.522

Criteria or Specific Requirement (Including Statutory, Regulatory, or Other Citation): Procedures articulated in 2 CFR 200.317-326, requires that for all procurement of goods and services, some form of cost or price analysis shall be made and documented in the procurement files in connection with every procurement action based on the dollar thresholds sited in the compliance code.

Condition: HOT did not consistently document its conclusions with respect to the acquisition of goods and services in accordance with its procurement policy.

Cause: There is a lack of emphasis on the procurement process due to limited resources at HOT.

Effect or Potential Effect: Without proper and complete procurement documentation, there is a risk that HOT will not perform proper evaluation of each element of cost to determine reasonableness.

Questioned Costs: None noted.

Context: Our audit procedures consisted of internal control testwork over the cash disbursement cycle over a sample population of expenditures. We consider our sample to be representative of the population. The condition appeared to be systematic in nature.

Identification as a Repeat Finding, if Applicable: This is not a repeat finding.

Recommendation: We recommend HOT review their procurement policy and implement processes to ensure that compliance with the policy is adequately documented.

Views of Responsible Officials and Planned Corrective Actions: We agree with this finding. As of 2017, HOT’s procurement procedures were lacking in detail and staff in field offices had not received training on the policies and procedures. Since that time, HOT has developed a stronger procurement policy alongside systems for storing contracts and other required procurement documentation and controls for ensuring documentation exists and procedures were followed. Furthermore, by mid-2019, all staff will be trained on the procurement policy and directors are held responsible for ensuring their teams follow the policy, with audits completed by finance management.

Anticipated Completion Date and Responsible Official(s): June 30, 2019, Director of Finance & Administration

Finding 2017-007: Suspension and Debarment

Information on the Federal Programs: CFDA #19.522

Criteria or Specific Requirement (Including Statutory, Regulatory, or Other Citation): In accordance with CFR §200.213, non-federal entities are subject to the non-procurement debarment and suspension regulations, implementing executive orders 12549 and 12689, 2 CFR part 180. These regulations restrict awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in federal assistance programs or activities.
Finding 2017-007: Suspension and Debarment (Continued)

**Condition:** HOT did not perform the screening process for payments made with Federal funds.

**Cause:** HOT did not maintain a formal documented policy governing procedures to be performed in order to comply with such requirements.

**Effect or Potential Effect:** Failure to screen potential vendors, suppliers, employees or other non-contracted federal transactions against the suspended and debarred list increases the possibility that U.S. Federal funds may inadvertently be provided to individuals or organizations deemed to be excluded parties by the U.S. Government.

**Questioned Costs:** None noted.

**Context:** Our audit procedures consisted of internal control testwork over the cash disbursement cycle over a sample population of expenditures. We consider our sample to be representative of the population. The condition appeared to be systematic in nature.

**Identification as a Repeat Finding, if Applicable:** This is not a repeat finding.

**Recommendation:** We recommend HOT adopt policies and procedures to ensure compliance with suspension and debarment rules as mandated by U.S. Government regulations. In addition, we recommend that the procedures performed, as well as the results of such procedures, should be clearly documented in writing and be included in all procurement files.

**Views of Responsible Officials and Planned Corrective Actions:** We agree with this finding. Since 2017, HOT has created policies and procedures for screening all payments made to employees, contractors and vendors, both domestic and international. HOT screens individuals and institutions on four different sanctions/debarment lists: USG-SAM, OFAC, UN Sanctions, and the World Bank non-eligible list. HOT centrally maintains documentation on the screening findings.

**Anticipated Completion Date and Responsible Official(s):** June 30, 2019, Director of Finance & Administration
Independent Auditor’s Report

To the Board of Directors
Humanitarian OpenStreetMap Team United States Inc.
Washington, D.C.

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 Humanitarian OpenStreetMap Team United States Inc. (HOT) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise HOT’s basic financial statements, and have issued our report thereon dated June 5, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered HOT'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of HOT's internal control. Accordingly, we do not express an opinion on the effectiveness of HOT's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described as Findings 2017-001, 2017-002, 2017-003 and 2017-004 in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as Findings 2017-005, 2017-006 and 2017-007 to be significant deficiencies.
Compliance and Other Matters

As part of obtaining reasonable assurance about whether HOT’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Findings and Questioned Costs as Findings 2017-006 and 2017-007.

Example Entity’s Response to Findings

HOT’s response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. HOT’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 result of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

June 5, 2019
REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY TITLE 2 U.S. CODE OF FEDERAL REGULATIONS (CFR) PART 200, UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS (UNIFORM GUIDANCE)

Independent Auditor’s Report

To the Board of Directors
Humanitarian OpenStreetMap Team United States Inc.
Washington, D.C.

Report on Compliance for Each Major Federal Program

We have audited Humanitarian OpenStreetMap Team United States Inc.’s compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of HOT’s major federal programs for the year ended December 31, 2017. HOT’s major federal programs are identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of HOT’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 HOT’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 HOT’s compliance.

Opinion on Each Major Federal Program

In our opinion, HOT complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs during the year ended December 31, 2017.
Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as Findings 2017-006 and 2017-007. Our opinion on each major federal program is not modified with respect to these matters.

HOT’s response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. HOT’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of HOT 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 HOT’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of HOT’s internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as Findings 2017-006, and 2017-007, that we consider to be significant deficiencies.

HOT’s response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. HOT’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.
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.

June 5, 2019

Gelman Rosenberg & Friedman
Corrective Action Plan for Current Year Audit Findings

In accordance with Title 2 CFR 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements under Section 200.511, Audit Findings follow-up, the following details the corrective action plans to be taken for the findings noted in the December 31, 2017 year-end audit.

Financial Statement Findings

Finding 2017-001: Reporting of Known Fraud (Uganda Office)

Condition: During 2017, an independent contractor perpetrated a fraud in the HOT-Uganda office. This individual circumvented the internal controls by submitting falsified receipts obtained from local vendors. HOT conducted a detailed internal investigation and determined the total amount embezzled through either falsified receipts, theft or unsupported expenses was $43,161.

Views of Responsible Officials and Planned Corrective Actions: We agree with the finding. Since the incident of fraud in 2017, HOT has developed a more robust set of fiscal policies & procedures that outline stricter internal controls, especially around segregation of duties, monthly expense/receipt auditing, and all other ongoing accounting practices at the field level. As of May 2019, all finance and project staff are receiving training on internal controls and organizational fiscal policies & procedures in general. Per the updated policies, HOT’s central finance & admin team has additional oversight responsibility for internal controls, including annual internal audits, monthly receipts auditing, approval of bank reconciliation and cash logs, etc.

Responsibility to Correct this Deficiency: Director of Finance & Administration

Date of Completion: June 30, 2019

Finding 2017-002: Cash

Condition: We noted the following matters with respect to the monthly reconciliations of HOT’s bank (and petty cash) accounts during our audit:

- Cash held in Indonesia, Uganda and Tanzania at December 31, 2017 was not properly reconciled to the general ledger and required adjustment (also not reviewed/approved by headquarters).
- No evidence of a formal review and approval process with respect to monthly bank reconciliations.
- No policies or procedures in place to reconcile petty cash in foreign countries.

Views of Responsible Officials and Planned Corrective Actions: We agree with the finding. In HOT’s updated fiscal policies & procedures, expected to be finalized by mid-2019, monthly bank statement and petty cash reconciliation policies and procedures - and associated approvals at office and HQ levels - are detailed in length. These policies & procedures are featured in finance and project staff trainings being
carried out by mid-2019 in all office locations, and will be the topic of ongoing finance trainings for new and existing finance staff.

**Responsibility to Correct this Deficiency:** Director of Finance & Administration

**Date of Completion:** June 30, 2019

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**Finding 2017-003: Supporting Documentation**

**Condition:** We experienced significant delays in obtaining supporting documentation for revenue and expense transactions sampled during the course of our audit. It should be noted that in the majority of cases, adequate documentation (or an appropriate substitute) was eventually located by management and furnished to us for our inspection.

**Views of Responsible Officials and Planned Corrective Actions:** We agree with the time delay component of this finding and take seriously the need for structured systems for retention and storage of documentation, especially as a virtual organization. HOT feels the time delay was not excessive, however, given the quantity of supporting documentation requested and the speed at which the audit process started. The causes of time delays were largely due to 1) the nature of supporting documentation requested, which included hundreds of field expenses that in part had not yet been digitized, and 2) a staffing transition that slowed down the technical pulling files as a result of basic unfamiliarity with the existing system. Since the time of the audit, HOT has reinforced the importance of central and well-organized storage of key documentation throughout the organization. Staff have received training on the importance of documentation, proper general ledger coding, and on file storage within HOT’s virtual storage system.

**Responsibility to Correct this Deficiency:** Director of Finance & Administration

**Date of Completion:** June 30, 2019

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**Finding 2017-004: Financial Reporting**

**Condition:** During our audit, we noted numerous asset and liability accounts that were not properly reconciled and required adjustment. As a result of our audit, several adjustments were recorded in the unaudited financial statements, resulting in a decrease in the current year change in net assets of approximately $54,000.

**Views of Responsible Officials and Planned Corrective Actions:** We agree with the finding. Since 2017, HOT has implemented stronger controls around financial reporting. These controls are outlined in our fiscal policies & procedures and processes are followed each month to review, reconcile and approve monthly financial reports and balances. Implementation of supporting subsidiary schedules submission and approval will take place immediately upon receipt of the audit report.

**Responsibility to Correct this Deficiency:** Director of Finance & Administration
Finding 2017-005: Temporarily Restricted Revenue Analysis

**Condition:** HOT did not prepare a reconciliation of its donor-restricted contributions (and related releases from restrictions) on a regular basis.

**Views of Responsible Officials and Planned Corrective Actions:** We agree with the finding that HOT should develop and implement policies and procedures to carry out this analysis on a quarterly basis. As of 2019, HOT management carries out a monthly review of restricted and unrestricted spending and funding balances, but going forward will include a more detailed analysis outside of the accounting software reports.

**Responsibility to Correct this Deficiency:** Director of Finance & Administration

**Date of Completion:** June 30, 2019

Federal Award Findings in accordance with 2 CRF 200.516

Finding 2017-006: Procurement

**Condition:** HOT did not consistently document its conclusions with respect to the acquisition of goods and services in accordance with its procurement policy.

**Views of Responsible Officials and Planned Corrective Actions:** We agree with this finding. As of 2017, HOT’s procurement procedures were lacking in detail and staff in field offices had not received training on the policies and procedures. Since that time, HOT has developed a stronger procurement policy alongside systems for storing contracts and other required procurement documentation and controls for ensuring documentation exists and procedures were followed. Furthermore, by mid-2019, all staff will be trained on the procurement policy and directors are held responsible for ensuring their teams follow the policy, with audits completed by finance management.

**Responsibility to Correct this Deficiency:** Director of Finance & Administration

**Date of Completion:** June 30, 2019

Finding 2017-007: Suspension and Debarment

**Condition:** HOT did not perform the screening process for payments made with Federal funds.

**Views of Responsible Officials and Planned Corrective Actions:** We agree with this finding. Since 2017, HOT has created policies and procedures for screening all payments made to employees, contractors and vendors, both domestic and international. HOT screens individuals and institutions on
four different sanctions/debarment lists: USG-SAM, OFAC, UN Sanctions, and the World Bank non-eligible list. HOT centrally maintains documentation on the screening findings.

Responsibility to Correct this Deficiency: Director of Finance & Administration

Date of Completion: June 30, 2019

Tyler Radford
Executive Director