



NATIONAL ENDOWMENT FOR THE

Humanities

OFFICE OF INSPECTOR GENERAL

February 3, 2012

RETURN RECEIPT REQUESTED

Board of Directors
Humanities Washington
1204 Minor Avenue
Seattle, WA 98101

Audit Report: OIG-12-13 (DR)

Dear Board Members:

We have completed our desk review of the single audit report prepared by Peterson Sullivan LLP, which includes the Federal assistance programs administered by Humanities Washington (the "Council"), for the year ended December 31, 2009 (FY09). The independent auditors (IPA) previously furnished a copy of their audit report to the Council and submitted the related reporting package to the Federal Audit Clearinghouse. The IPA issued an unqualified opinion (both GAAP and single audit) with no reportable current year findings.

Our review was limited to an examination of the IPA's audit report. We did not examine the underlying audit documentation to evaluate the adequacy of the audit work performed; rather, the single audit desk review guide, issued by the Council of Inspectors General on Integrity and Efficiency (CIGIE), was used to determine whether the audit report meets the core reporting requirements stipulated by OMB Circular A-133. Audit reports determined to be *technically deficient* or *unacceptable* require corrective action.

Although we did not identify any issues related to the core components of the desk review, to include the Schedule of Expenditures of Federal Awards (SEFA) and the related Federal compliance reports, we initially had concerns with the revenue recognition methodology used by the Council to report Federal grant revenue. However, the Council has revised its approach as demonstrated by the "restated" 2009 revenue, grants receivable, and net asset balances reported in the December 31, 2010 audited financial statements (i.e. multi-year presentation).¹ Accordingly, we conclude that the restated 2009 amounts meet Generally Accepted Accounting Principles (GAAP) and the FY09 single audit meets Federal reporting requirements. Accordingly, no corrective action deemed necessary.

¹ Previously, the Council recorded Federal grant revenue at the time of award similar to a contribution. Following GAAP, we believe the unspent major program funding earmarked for future year(s) should have been reclassified from unrestricted to temporarily restricted revenue, on the FY09 Statement of Activities, due to the inherent time and program restrictions. Under the revised revenue recognition methodology, grant revenue (unrestricted) is now recognized as allowable expenses are incurred.

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Please note that we are sending this letter to the auditors to inform them of the results of our review.

If you have any questions concerning this letter or need accounting assistance, please contact Mr. Steve Elsberg at (202) 606-8353 or via email at selsberg@neh.gov.

Sincerely,



Laura Davis
Acting Inspector General

Distribution List:

Peterson Sullivan LLP, CPAs
601 Union Street, Suite 2300
Seattle, WA 98101
Attn: [REDACTED]