NATIONAL ENDOWMENT FOR THE HUMANITIES

OFFICE OF INSPECTOR GENERAL

September 9, 2026

Via FedEx

Board of Directors
Humanities New York
115 Broadway Floor 5
New York, NY 10006
Attn: [redacted], Chair

OIG Report Number: OIG-26-04 (DR)

Dear Board Members:

The National Endowment for the Humanities (NEH) Office of Inspector General (OIG) has completed a desk review of the single audit report prepared by Lutz and Carr CPAs, LLP (the "IPA"), which includes the Federal assistance program administered by Humanities New York (the "Council") during the organization's fiscal year (FY) ended October 31, 2024. The independent auditors (IPA) previously furnished a copy of their audit report dated July 24, 2025 to the Council. The Federal Audit Clearinghouse accepted the single audit reporting package on July 31, 2025.

The IPA issued unmodified opinions[1] regarding the financial statements and compliance with Federal requirements, and reported one finding in conjunction with the single audit.

Our desk review was limited to an examination of the single audit reporting package; email exchanges and virtual meetings with the IPA and the Council's Director of Finance and Operations; a limited review of selected IPA workpapers; and review of applicable NEH grant files and accounting records. We did not perform a comprehensive examination of the underlying audit documentation to evaluate the adequacy of the audit work performed; rather, we used the *Guide for Desk Reviews of Single Audit Reports (2021 Edition)*, as issued by the Council of Inspectors General on Integrity and Efficiency, to determine whether the reporting package meets the core reporting requirements stipulated by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (2 CFR Part 200). Based on our desk review, we can assign a

[1] **Unmodified opinion**. The opinion expressed by the IPA upon concluding that the financial statements are presented fairly, in all material respects, in accordance with the applicable financial reporting framework. An unmodified opinion represents the highest level of assurance the IPA can provide that (1) the Council's financial statements as a whole, are free from material misstatement, whether due to fraud or error; and (2) the Council's Federal grant activity materially complies with requirements identified as subject to audit in the 2 CFR Part 200 *Compliance Supplement*.

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rating of either **Pass**, **Pass with Deficiencies**, or **Fail**. Audit reports receiving a **Fail** rating require corrective action.

We assigned a rating of **Pass** to the FY 2024 single audit reporting package. We determined that the audit report meets Federal reporting requirements, as evidenced by the lack of any noted quality exceptions. Accordingly, our office is accepting the FY 2024 single audit reporting package in its current form, and no corrective action is deemed necessary.

Other Matter

During our desk review, we identified one matter that must be addressed in future single audit reporting packages, as noted below.

1. Implementation of Accounting Standards and Guidance Applicable to Contributions Received

In June 2018, the Financial Accounting Standards Board[2] issued Accounting Standards Update (ASU) 2018-08, Not-for-Profit Entities (Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU provides a framework for determining whether a contribution is conditional or unconditional, which affects the timing of revenue recognition. An unconditional contribution is recognized immediately, whereas a conditional contribution should not be recorded until related conditions have been met, (including contribution receivables). The guidance further requires disclosure of conditional contributions in the footnotes to the financial statements.[3]

[2] The Financial Accounting Standards Board (FASB) provides accounting guidance to the nonprofit community. These standards prescribe two main approaches to recognizing revenue associated with Federal awards.

- Exchange transactions (i.e., contracts) represent reciprocal transfers in which each party receives and sacrifices something of commensurate value. The most classic example is the purchase of goods or services. Under this approach, an entity recognizes revenue when the required goods or services are provided.

- Contributions (Non-exchange transactions) represent voluntary, unconditional transfer of assets, as well as unconditional promises to give, to an entity. Their primary characteristic is that they are nonreciprocal – that is, one entity gives an asset or cancels a liability without directly receiving commensurate value in return. The recipient must determine if the contribution is unconditional or conditional based upon the existence of donor stipulations. A donor stipulation represents a barrier that must be overcome before the recipient is entitled to the assets transferred or promised. Failure to overcome the barrier gives the contributor a right of return of the assets it has transferred or gives the promisor a right of release from its obligation to transfer its assets. A conditional transaction includes both a barrier that must be overcome and either a right of asset return or release of promise to give.

[3] FASB Accounting Standards Codification (ASC) Paragraph 958-310-50-4 requires the following disclosures about conditional promises to give:

- The total amount(s) promised.
- A description and amount for each group of promises having similar characteristics. For example, separate groups having similar characteristics might include those promises conditioned on establishing new programs, on completing a new building, or on raising matching gifts by a specified date.

NEH general support grant awards include donor-imposed conditions concerning the use of funds and the recipient's compliance with the legislatively mandated cost-share requirement.[4] NEH grant award funding that has been authorized but, as of the end of the fiscal year, has not been expended by the Council or earned through the Council's fulfillment of stipulations applicable to the NEH grant award(s), should be disclosed in the footnotes of the financial statements consistent with the disclosure requirements applicable to conditional contributions.

The FY 2024 single audit reporting package reflects an accounting approach that is not fully consistent with guidance provided through ASU 2018-18.

Please be advised that we are sending a copy of this letter to the Partner at Lutz and Carr CPAs, LLP to inform the firm of our desk review results.

If you have any questions concerning this letter or need accounting assistance, please contact Mrs. Brandie Staton at (202) 606-8353 or via email at bstaton@neh.gov.

Sincerely,

Laura Davis
Inspector General

Distribution List:

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NEH Key Management Single Audit Liaison:

Mr. Richard Brundage, Director – Office of Grant Management

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[4] In accepting an NEH general support grant award and any related funding supplements, the Council assumes the legal responsibility for administering the award in accordance with the general terms and conditions applicable to the grant award and complying fully with any special terms and conditions included in the award agreement. Failure to do so may result in the suspension or termination of the award and NEH's recovery of award funds.