

THE MARSHALL LEGACY INSTITUTE
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORTS
WITH SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023

THE MARSHALL LEGACY INSTITUTE
FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORTS
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Brooks, Harrison Company, L.L.C.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Board of Directors of
The Marshall Legacy Institute

Opinion

We have audited the accompanying financial statements of The Marshall Legacy Institute, Inc. (the Institute) (a not-for-profit corporation), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Marshall Legacy Institute, Inc. as of December 31, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Institute and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Institute's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Institute's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Institute's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of indirect costs and expenditures of federal awards are presented for the purpose of additional analysis and are 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 July 24, 2024, 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 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 the Institute's 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.



Bethesda, Maryland
July 24, 2024

THE MARSHALL LEGACY INSTITUTE
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	320,881
Investments		17,999
Grants and contributions receivable		378,811
Prepaid expenses		41,183
		41,183
Total Current Assets		758,874

PROPERTY AND EQUIPMENT

Furniture & equipment		13,673
Website		11,040
Leasehold improvements		7,135
Less, accumulated depreciation and amortization		(28,663)
		(28,663)
Property and Equipment, Net		3,185

OTHER ASSETS

Security Deposit		4,133
Operating lease right-of-use asset		228,996
		228,996
Total Other Assets		233,129

TOTAL ASSETS

\$ 995,188

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	199,333
Current portion of operating lease liability		62,201
		62,201
Total Current Liabilities		261,534

LONG-TERM LIABILITIES

Long-term portion of operating lease liability		166,795
		166,795
Total Liabilities		428,329

NET ASSETS

Unrestricted net assets		422,894
Donor restricted net assets		143,965
		143,965
Total Net Assets		566,859

TOTAL LIABILITIES AND NET ASSETS

\$ 995,188

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

THE MARSHALL LEGACY INSTITUTE

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2023

SUPPORT AND REVENUE	<u>Without Donor Restrictions</u>	<u>Donor Restricted</u>	<u>Total</u>
Contributions	\$ 136,552	\$ 113,704	\$ 250,256
Grants and contracts	1,378,240	330,000	1,708,240
Interest	110	-	110
Net assets released from restrictions	<u>532,857</u>	<u>(532,857)</u>	<u>-</u>
Total Support and Revenue	<u>2,047,759</u>	<u>(89,153)</u>	<u>1,958,606</u>
 EXPENSES			
Program Services			
K-9 Demining Corps	1,087,728	-	1,087,728
Mine Awareness and Victims Assistance	<u>753,469</u>	<u>-</u>	<u>753,469</u>
Total Program Services	<u>1,841,197</u>	<u>-</u>	<u>1,841,197</u>
Supporting Services			
Management and general	126,546	-	126,546
Fundraising	<u>68,069</u>	<u>-</u>	<u>68,069</u>
Total Supporting Services	<u>194,615</u>	<u>-</u>	<u>194,615</u>
Total Expenses	<u>2,035,812</u>	<u>-</u>	<u>2,035,812</u>
 CHANGE IN NET ASSETS	 11,947	 (89,153)	 (77,206)
Net Assets, Beginning of Year	<u>410,947</u>	<u>233,118</u>	<u>644,065</u>
 NET ASSETS, END OF YEAR	 <u>\$ 422,894</u>	 <u>\$ 143,965</u>	 <u>\$ 566,859</u>

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

THE MARSHALL LEGACY INSTITUTE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

	Program Services					Supporting Services				Total Expenses
	K-9 Demining Corps				Victims Assistance	Total Program Services	Fundraising	Management and General	Administrative and Overhead	
	PMPS	Champs and Other K-9	MDDP	Total						
Mine Detection Dogs	\$ -	\$ -	\$ 243,307	\$ 243,307	\$ -	\$ 243,307	\$ -	\$ -	\$ -	\$ 243,307
Subcontracts and consultants	60,722	238,556	25,507	324,785	572,870	897,655	1,200	-	1,800	900,655
Salaries, benefits and payroll taxes	95,409	193,692	100,320	389,421	112,023	501,444	25,214	54,734	64,422	645,814
Travel and meals	1,090	12,102	9,398	22,590	11,610	34,200	1,648	3,064	-	38,912
Meetings and conferences	85	2,630	620	3,335	1,813	5,148	33,806	22,896	22,896	84,746
Rent	-	-	-	-	-	-	-	33,034	33,035	66,069
Office and supplies expenses	2,117	3,560	2,646	8,323	1,638	9,961	487	-	5,670	16,118
Postage, printing and reproduction	169	5,674	2,535	8,378	593	8,971	1,127	1,091	1,091	12,280
Telephone, internet and website	586	1,691	-	2,277	1,127	3,404	-	-	335	3,739
Depreciation	-	-	-	-	-	-	-	-	3,639	3,639
Professional fees	2,846	8,290	-	11,136	1,030	12,166	-	610	610	13,386
Insurance	-	-	-	-	-	-	-	2,591	2,592	5,183
Repairs & Maintenance	-	-	-	-	-	-	-	-	1,073	1,073
Ambassador vet	-	891	-	891	-	891	-	-	-	891
General and administrative allocation	11,777	33,743	27,765	73,285	50,765	124,050	4,587	8,526	(137,163)	-
	<u>\$ 174,801</u>	<u>\$ 500,829</u>	<u>\$ 412,098</u>	<u>\$ 1,087,728</u>	<u>\$ 753,469</u>	<u>\$ 1,841,197</u>	<u>\$ 68,069</u>	<u>\$ 126,546</u>	<u>\$ -</u>	<u>\$ 2,035,812</u>

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

THE MARSHALL LEGACY INSTITUTE

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (77,206)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation expense	3,639
Decrease (Increase) in:	
Grants and contributions receivable	(26,866)
Prepaid expenses	(30,600)
Increase (Decrease) in:	
Accounts payable	<u>17,003</u>
Net cash used in operating activities	<u>(114,030)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(114,030)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>434,911</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 320,881</u></u>

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

THE MARSHALL LEGACY INSTITUTE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

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.

Investments

Investments included shares of publicly traded common stock, with readily determinable market values.

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 classified as follows:

Net assets without donor restrictions, or unrestricted net assets, represent the portion of expendable assets that are available for support of the Institute's operations.

Donor 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, 2023

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, donor restricted net assets are reclassified to net assets without donor restrictions 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 July 24, 2024, the date which the financial statements were available to be issued.

Note 2: Grants and Contributions Receivable

Grants and contributions receivable at December 31, 2023, were comprised of federal grants receivable and sub-grantee advances.

THE MARSHALL LEGACY INSTITUTE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

Note 3: Liquidity and Availability of Financial Assets

The accompanying statement of financial position identifies financial assets totaling \$717,691, \$143,965 of which are donor restricted for specific programs, and therefore not available for general expenditures. Management structures its financial assets to be available as its expenditures, liabilities, and other obligations become due.

Note 4: Net Assets With Donor Restrictions

At December 31, 2023, net assets with donor restrictions were available for the following programs:

K-9 Demining Corps	\$	74,781
Children Against Mines		68,878
Victim Assistance		<u>306</u>
Total	\$	<u>143,965</u>

Note 5: 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 6: Lease Commitment

The Institute leases its current office space in Arlington, Virginia under an operating lease agreement that was originally executed on December 18, 2002, and subsequently extended through May 31, 2027, through amendment. Total rent expense attributable to the Institute's office space for the year ended December 31, 2023 was \$66,069.

Other Information related to the lease are as follows:

Right-of-use assets obtained in exchange for new lease liabilities	\$	320,013
Weighted-average remaining lease terms		3.4 years
Weighted-average discount rate		3.00%

THE MARSHALL LEGACY INSTITUTE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

The maturities of the lease liabilities as of December 31, 2023 are as follows:

Year ending December 31:		
2024	\$	64,014
2025		63,992
2026		63,965
2027		<u>26,415</u>
Total minimum lease payments		218,386
Imputed interest		<u>10,610</u>
Total lease liabilities	\$	<u>228,996</u>

Note 7: 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, 2023 was \$45,261, and is included in salaries and benefits expense in the accompanying schedule of functional expenses.

SUPPLEMENTARY INFORMATION

THE MARSHALL LEGACY INSTITUTE

SCHEDULE OF INDIRECT COSTS

YEAR ENDED DECEMBER 31, 2023

	<u>Administrative and Overhead</u>	<u>Management and General</u>	<u>Total</u>
Subcontracts and consultants	\$ 1,800	\$ -	\$ 1,800
Salaries, benefits and payroll taxes	64,422	54,734	119,156
Travel, meals and entertainment	-	3,064	3,064
Meetings and conferences	22,896	22,896	45,792
Rent	33,035	33,034	66,069
Office expenses and supplies	5,670	-	5,670
Postage, printing and reproduction	1,091	1,091	2,182
Telephone, internet and website	335	-	335
Depreciation	3,639	-	3,639
Professional fees	610	610	1,220
Insurance	2,592	2,591	5,183
Repairs & Maintenance	1,073	-	1,073
	<u>137,163</u>	<u>118,020</u>	<u>255,183</u>
General and administrative allocation	<u>(8,526)</u>	<u>8,526</u>	<u>-</u>
	<u>\$ 128,637</u>	<u>\$ 126,546</u>	<u>\$ 255,183</u>
Total Direct Costs	\$ 1,780,629	\$ 1,780,629	\$ 1,780,629
Less excess subcontract amounts *	<u>(1,021,130)</u>	<u>(1,021,130)</u>	<u>(1,021,130)</u>
Total Direct Costs Base	<u>\$ 759,499</u>	<u>\$ 759,499</u>	<u>\$ 759,499</u>
Indirect Cost Rate	<u>16.94%</u>	<u>16.66%</u>	<u>33.60%</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, 2023

Federal Grantor Award Title/Project Title	CFDA Number	Contract Number	<u>Expenditures</u>
U.S. Department of State			
MDDPP/Children Against Mines Program (CHAMPS) Bosnia	19.800	S-PMWRA-22-GR-0032	\$ 154,893
Children Against Mines Program (CHAMPS) Yemen	19.800	S-PMWRA-17-GR-1028	148,670
Yemen	19.800	S-PMWRA-23-GR-0035	117,898
Restoring Life in Iraq	19.016	SLMAQM 21-GR-3490	684,288
Peace Through Sport	19.040	SLE200 21-GR-3030	116,069
Building Futures in Iraq	19.345	SAQMIP 23-GR-0300	45,692
Total Federal Programs			\$ 1,267,510

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.

Certified Public Accountants

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, 2023, 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 July 24, 2024.

Report on 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) as a basis for designing 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Institute'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 financial statements. 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 Institute'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".

Bethesda, Maryland
July 24, 2024

**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

Opinion on Each Major Federal Program

We have audited The Marshall Legacy Institute (the Institute) compliance with the types of compliance requirements identified as subject to audit 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, 2023. The Institute's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Institute and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Institute's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, rules, and provisions of contracts or grant agreements applicable to the Institute's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Institute's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Institute's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Institute's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Institute's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Institute's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 *Government Auditing Standards*. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of The Marshall Legacy Institute (the Institute) as of and for the year ended December 31, 2023, and have issued our report thereon dated July 24, 2024, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Brooks, Harrison Company

Bethesda, Maryland
July 24, 2024

THE MARSHALL LEGACY INSTITUTE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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 programs:
U.S. Department of State:
Mine Detection Dog Partnership Program (MDDPP) (19.800)
Restoring Life in Iraq (19.016) | |
| 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, 2023

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.