

LASPAU: Academic and Professional Programs for the Americas, Inc.

Audited Financial Statements and
Reports Required for Audits in Accordance with
Government Auditing Standards and Uniform Guidance

December 31, 2015

LASPAU: Academic and Professional Programs for the Americas, Inc.

AUDITED FINANCIAL STATEMENTS AND
REPORTS REQUIRED FOR AUDITS IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS AND UNIFORM GUIDANCE

December 31, 2015

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Independent Auditor's Report

RSM US LLP

Board of Trustees
LASPAU: Academic and Professional Programs for the Americas, Inc.
Cambridge, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of LASPAU: Academic and Professional Programs for the Americas, Inc. ("LASPAU") which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements (collectively, 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 LASPAU as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Other Information*

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2016 on our consideration of LASPAU's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LASPAU's internal control over financial reporting and compliance.

RSM US LLP

Boston, Massachusetts
September 28, 2016

LASPAU: Academic and Professional Programs for the Americas, Inc.

Statement of Financial Position

December 31, 2015

ASSETS

Current assets:

Cash and cash equivalents	\$ 378,996
Money market fund	12,158,459
Receivables from funding agencies	930,731
Pledges receivable	5,024
Prepaid expenses	1,361,411
Other current assets	<u>24,562</u>
Total current assets	14,859,183

Property and equipment, net 377,272

Total assets \$ 15,236,455

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 494,379
Other short-term liabilities	520,915
Deferred revenue	<u>13,470,227</u>
Total current liabilities	<u>14,485,521</u>

Net assets:

Unrestricted	564,839
Temporarily restricted	<u>186,095</u>
Total net assets	<u>750,934</u>

Total liabilities and net assets \$ 15,236,455

LASPAU: Academic and Professional Programs for the Americas, Inc.

Statement of Activities

Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Total
Grants received	\$ 23,748,857	\$ -	\$ 23,748,857
Less - amounts designated by funders for specific beneficiaries	(20,357,368)	-	(20,357,368)
Net grant revenue	3,391,489	-	3,391,489
Other income:			
Testing	345,548	-	345,548
Seminars	620,479	-	620,479
Fundraising	2,718	-	2,718
Interest income	5,398	-	5,398
Other	626	-	626
Contributions	-	2,800	2,800
Total revenue, gains and other support	4,366,258	2,800	4,369,058
Expenses:			
Seminars	505,900	-	505,900
U.S. Government funding agencies	929,292	-	929,292
Management and general	1,454,783	-	1,454,783
Other funding agencies	1,234,759	-	1,234,759
Organization of American States	171,256	-	171,256
Testing	78,246	-	78,246
Fundraising	120	-	120
Total expenses	4,374,356	-	4,374,356
Changes in net assets	(8,098)	2,800	(5,298)
Net assets:			
Beginning of year	572,937	183,295	756,232
End of year	\$ 564,839	\$ 186,095	\$ 750,934

LASPAU: Academic and Professional Programs for the Americas, Inc.

Statement of Cash Flows

Year Ended December 31, 2015

Cash flows from operating activities:	
Change in net assets	\$ (5,298)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	59,130
Changes in assets and liabilities:	
(Increase) decrease in:	
Money market fund	(3,455,848)
Accounts receivable	2,460,752
Pledges receivable	(1,892)
Prepaid expenses	206,817
Other current assets	2,700
Increase (decrease) in:	
Accounts payable	(586,287)
Other short-term liabilities	247,436
Deferred revenue	1,464,651
Net cash provided by operating activities	<u>392,161</u>
Cash flows from investing activities:	
Purchases of property and equipment, net	<u>(391,900)</u>
Net cash used in investing activities	<u>(391,900)</u>
Net increase in cash and cash equivalents	261
Cash and cash equivalents:	
Beginning of year	<u>378,735</u>
End of year	<u>\$ 378,996</u>

LASPAU: Academic and Professional Programs for the Americas, Inc.

Notes to Financial Statements
Year Ended December 31, 2015

1. NATURE OF ORGANIZATION

LASPAU: Academic and Professional Programs for the Americas, Inc. (“LASPAU” or the “Organization”) is a private, nonprofit corporation located in the Commonwealth of Massachusetts and is affiliated with Harvard University. LASPAU designs, develops and implements academic and professional exchange programs on behalf of individuals and institutions in order to contribute to the advancement of education in Latin America, Canada, the Caribbean, and the United States. Through a variety of specialized services, LASPAU carries out programs for several sponsors by cooperating with Latin American and Caribbean institutions seeking to assess and fulfill their educational and training needs. In support of its overall purpose, LASPAU offers these specialized educational services to institutions both inside and outside of the Americas.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Classification and Reporting of Net Assets

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) applicable to not-for-profit organizations under Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958, “Financial Statements of Not-For-Profit Organizations”. These requirements require the Organization to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. A description of the three net asset classes follows:

- Unrestricted net assets represent the portion of net assets of the Organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations.
- Temporarily restricted net assets represent contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.
- Permanently restricted net assets represent contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Organization. There are no permanently restricted net assets.

Cash and Cash Equivalents

LASPAU considers all highly liquid investments with maturities of three months or less at the date of purchase to be cash equivalents. Cash and cash equivalents include the operating cash accounts available on a daily basis.

Other Current Assets

LASPAU’s other current assets include test booklets purchased for resale to third parties which are recorded at the lower of cost, determined by the first-in, first-out method, or market value.

LASPAU: Academic and Professional Programs for the Americas, Inc.

Notes to Financial Statements
Year Ended December 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

Advertising

The Organization expenses advertising costs as incurred.

Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts, which at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to significant credit risk on cash and cash equivalents.

Property and Equipment

Property and equipment, consisting of furniture, equipment, and software, are recorded at cost and depreciated over their estimated useful lives, generally four to five years, using the straight-line method. Expenditures for maintenance and repairs, which do not critically extend useful life of the asset, are expensed as incurred.

When assets are sold or retired, the cost thereof and related accumulated depreciation are removed from the respective accounts and the resulting gain or loss, if any, is credited to or charged against income.

Deferred Revenue and Revenue Recognition

LASPAU acts as an administrator for all of its funding agencies which include the United States Government, the Organization of American States, and other countries and private organizations. As an administrator, LASPAU receives grants from these organizations for the purpose of funding fellowships for students at educational institutions within the United States, Latin America, Canada, and the Caribbean. LASPAU records deferred revenue upon receipt of these grants equal to the value of funds received in advance of disbursements. Revenue from grants received is recognized as expenses designated for specific grantees are incurred. Deferred revenue is reduced as revenue from grants received is recorded.

Revenue from testing services, seminars and programs is recognized as they are performed or upon completion, in accordance with the terms of the contract.

Tax Status

The Organization is a not-for-profit organization which is qualified under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

The Organization follows FASB ASC 740, Income Taxes, which clarifies the accounting for uncertainty in income taxes by prescribing the recognition threshold a tax position is required to meet before being recognized in the financial statements. It also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. Management believes that the Organization has no material uncertainties in income taxes.

The Organization is no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities prior to 2012.

LASPAU: Academic and Professional Programs for the Americas, Inc.

Notes to Financial Statements
Year Ended December 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Receivables from Funding Agencies

LASPAU maintains allowances for doubtful accounts, when necessary, for losses resulting from the inability of their funders to make required payments. LASPAU reviews their receivables on a regular basis to determine if past due balances are likely to be collected. This review includes discussions with LASPAU's funders and their account representatives, the funders' payment history and other factors. Based on these reviews LASPAU may record or reduce an allowance for uncollectible accounts if they determine there is a change in the collectability of their receivables. There was no allowance for doubtful accounts as of December 31, 2015.

Contributions

Contributions, including unconditional promises to give, are initially recognized at fair value as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at fair value.

Contributions to be received after one year are discounted using a rate commensurate with the risk involved once an appropriate allowance for doubtful collections has been determined. An allowance for uncollectible contributions receivable is provided based upon management's judgment of potential defaults. The determination includes such factors as prior collection history, type of contribution, and nature of fund-raising activity. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the temporarily restricted net asset class. A reclassification from temporarily restricted net assets to unrestricted net assets is made to reflect the expiration of such restrictions.

Fair Value Measurements

Under the FASB's authoritative guidance on fair value measurements, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses various methods including market, income and cost approaches. Based on these approaches, the Organization often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

LASPAU: Academic and Professional Programs for the Americas, Inc.

Notes to Financial Statements
Year Ended December 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

Fair Value Measurements...continued

Based on the observability of the inputs used in the valuation techniques, the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1: Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.

Level 2: Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data. Level 2 also includes derivative contracts whose value is determined using a pricing model with observable market inputs or can be derived principally from or corroborated by observable market data.

Level 3: Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation; also includes observable inputs for nonbinding single dealer quotes not corroborated by observable market data.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, the inputs are based on the lowest level of input that is significant to the fair value measurement.

The Organization has various processes and controls in place to ensure that fair value is reasonably estimated.

While the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

During the year ended December 31, 2015, there were no changes to the Organization's valuation techniques that had, or are expected to have, a material impact on its balance sheets or results of operations.

LASPAU: Academic and Professional Programs for the Americas, Inc.

Notes to Financial Statements
Year Ended December 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

The following is a description of the valuation methodologies used for instruments measured at fair value:

Money Market Funds

Money market funds are open ended funds that generally have subscription and redemption activity at a \$1.00 stable net asset value. On a daily basis a fund's stable net asset value is calculated using the amortized cost (not market value) of the securities held in the fund. Money market funds are classified as level 1 within the fair value hierarchy.

Recent Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Updated ("ASU") 2014-09, "Revenue from Contracts with Customers (Topic 606)", requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14, which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018. The Organization has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on the financial statements.

In August 2014, the FASB issued ASU 2014-15, "Presentation of Financial Statements – Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern". ASU 2014-15 explicitly requires management to evaluate, at each annual or interim reporting period, whether there are conditions or events that exist which raise substantial doubt about an entity's ability to continue as a going concern and to provide related disclosures. ASU 2014-15 is effective for annual periods ending after December 31, 2017, and annual and interim periods thereafter, with early adoption permitted. The adoption of ASU 2014-15 is not expected to have a material effect on the Organization's financial statements or disclosures.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The standard is effective on January 1, 2020, with early adoption permitted. The adoption of ASU 2016-02 is not expected to have a material impact on the Organization's financial statements.

In August, 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in this ASU make improvements to the information provided in financial statements and accompanying notes of not-for-profit entities. The amendments set forth the FASB's improvements to net asset classification requirements and the information presented about a not-for-profit entity's liquidity, financial performance, and cash flows. The ASU will be effective for fiscal years beginning after December 15, 2017. Earlier applicable is permitted. The changes in this ASU should generally be applied on a retrospective basis in the year that the ASU is first applied. The adoption of ASU 2016-14 is not expected to have a material impact on the Organization's financial statements.

LASPAU: Academic and Professional Programs for the Americas, Inc.

Notes to Financial Statements
Year Ended December 31, 2015

3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2015:

Furniture and equipment	\$ 80,872
Software	<u>772,586</u>
	853,458
Less - accumulated depreciation and amortization	<u>(476,186)</u>
Property and equipment, net	<u>\$ 377,272</u>

Depreciation and amortization expense on fixed assets was \$59,130 for the year ended December 31, 2015. Software costs incurred relate to the implementation of a customer relationship management (CRM) system, which is being placed into service in two phases. The second phase commenced during 2016 and was placed into service in April 2016. Costs to complete the second phase were approximately \$133,000.

4. REIMBURSEMENT OF GRANTEE AND ADMINISTRATIVE EXPENSES

Arrangements with funding agencies normally provide for the recovery of both grantee and administrative expenses. For certain contracts administrative expenses are recovered based on an indirect cost rate which is subject to audit. LASPAU recognizes revenue related to grantee and administrative expenses as actual costs are incurred or as allowed by contract.

Amounts paid to grantees are net of withholding taxes which LASPAU remits on behalf of the grantees. These expenses are included in amounts designated by funders for specific beneficiaries.

5. COMMITMENTS AND CONTINGENCIES

LASPAU is committed to minimum annual rent payments under a long-term noncancelable operating lease for the use of office space and for certain office equipment until July 2020.

Rent expense for office space amounted to \$234,525 during the year ended December 31, 2015. The following is a schedule by year of future minimum rental payments required under the operating leases:

2016	\$ 251,735
2017	275,814
2018	288,948
2019	293,326
2020	<u>229,845</u>
	<u>\$ 1,339,668</u>

LASPAU: Academic and Professional Programs for the Americas, Inc.

Notes to Financial Statements
Year Ended December 31, 2015

6. CONCENTRATIONS OF RECEIVABLE BALANCES

Receivables from funding agencies at December 31, 2015 consist of the following:

	Primary Funding Agency Receivable Balances	Percent of Total Receivable Balance
Organization of American States	\$ 160,840	17%
CAPEs	450,634	48%
Institute of International Education	200,000	21%
Other funding agencies	<u>119,257</u>	14%
	<u>\$ 930,731</u>	

7. RELATED PARTIES

LASPAU is an affiliate of Harvard University (the "University"). The University pays certain of LASPAU's costs that are subject to reimbursement by LASPAU. These reimbursable costs include salaries, employee fringe benefits and other expenses paid by the University on behalf of LASPAU. Disbursements for these costs aggregated \$3,618,168 in 2015. At December 31, 2015, \$423,623 was payable to the University and is included in accounts payable on the statements of financial position.

LASPAU utilizes the University's fringe benefit rate to recover employee fringe benefit costs from sponsors.

Employees of LASPAU are governed by the personnel plans and policies of the University, including those policies covering post-retirement benefits and vacation time earned and vested.

8. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of purpose restricted contributions of \$186,095 at 2015.

9. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through September 28, 2016, the date the financial statements were available to be issued.

Subsequent to year-end on March 16, 2016, the Organization legally changed their name from LASPAU: Academic and Professional Programs for the Americas, Inc. to Laspau Inc.

LASPAU: Academic and Professional Programs for the Americas, Inc.

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2015

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u>Major Program</u>		
Department of State Bureau of Educational and Cultural Affairs		
Pass-through from the Fulbright Academic Exchange Program		
Institute of International Education:		
Academic Exchange Programs – Graduate Students		
ECAAE/WHA	19.400	\$ 5,238
S-ECAAE-12-CA-007(MJ)	19.400	63,085
S-ECAGD-13-CA-017(MJ)	19.400	7,993
S-ECAGD-14-CA-1017	19.400	1,931,544
S-ECAGD-15-CA-1015	19.400	651,343
S-ECAGD-16-CA-1015	19.400	<u>59,175</u>
Total Expenditures of Federal Awards		<u>\$ 2,718,378</u>

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of LASPAU: Academic and Professional Programs for the Americas, Inc. ("LASPAU") under programs of the federal government for the year ended December 31, 2015. 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). Because the Schedule presents only a selected portion of the operations of LASPAU, it is not intended to and does not present the financial position, changes in net assets, or cash flows of LASPAU.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.



**Independent Auditor's 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*** RSM US LLP

Board of Trustees
LASPAU: Academic and Professional Programs for the Americas, Inc.
Cambridge, Massachusetts

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 LASPAU: Academic and Professional Programs for the Americas, Inc. ("LASPAU"), which comprise the statement of financial position as of December 31, 2015, 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 September 28, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered LASPAU's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of LASPAU's internal control. Accordingly, we do not express an opinion on the effectiveness of LASPAU's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether LASPAU'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 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 LASPAU'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.

RSM US LLP

Boston, Massachusetts
September 28, 2016

**Independent Auditor's Report on Compliance for the Major
Federal Program and on Internal Control Over Compliance
Required by the Uniform Guidance**

RSM US LLP

Board of Trustees
LASPAU: Academic and Professional Programs for the Americas, Inc.
Cambridge, Massachusetts

Report on Compliance for the Major Federal Program

We have audited LASPAU: Academic and Professional Programs for the Americas, Inc.'s ("LASPAU") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on LASPAU's major federal program for the year ended December 31, 2015. LASPAU's major federal program is 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 requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for LASPAU's major federal program 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 LASPAU'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 the major federal program. However, our audit does not provide a legal determination of LASPAU's compliance.

Opinion on the Major Federal Program

In our opinion, LASPAU complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2015.

Report on Internal Control Over Compliance

Management of LASPAU 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 LASPAU'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 LASPAU'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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

RSM US LLP

Boston, Massachusetts
September 28, 2016

LASPAU: Academic and Professional Programs for the Americas, Inc.

Schedule of Findings and Questioned Costs

Year Ended December 31, 2015

I. Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? Yes No
- Significant deficiencies identified? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? Yes No
- Significant deficiencies identified? Yes None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

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

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
19.400	Academic Exchange Programs – Graduate Students

Dollar threshold used to distinguish between Type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes No

II. Financial Statement Findings

A. Internal Control

None

B. Compliance Findings

None

III. Findings and Questioned Costs for Federal Awards

A. Internal Control

None

B. Compliance Findings

None

LASPAU: Academic and Professional Programs for the Americas, Inc.

Summary Schedule of Prior Audit Findings

Year Ended December 31, 2015

I. Financial Statement Findings

A. Significant Deficiencies in Internal Control

None

B. Compliance Findings

None

II. Findings and Questioned Costs for Federal Awards

A. Significant Deficiencies in Internal Control

None

B. Compliance Findings

None