

**Atlas Service Corps, Inc.**

Financial Statements  
Including Uniform Guidance Reports  
and Independent Auditors' Report

December 31, 2018 and 2017

# Atlas Service Corps, Inc.

Financial Statements  
December 31, 2018 and 2017

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Atlas Service Corps, Inc.

We have audited the accompanying financial statements of Atlas Service Corps, Inc. ("Atlas Corps"), which comprise the statements of financial position as of December 31, 2018 and 2017; the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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.

***Auditor's Responsibility (continued)***

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 Atlas Corps as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Supplementary and Other Information***

Our audits were 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 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 August 29, 2019, on our consideration of Atlas Corps'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 Atlas Corps's internal control over financial reporting and compliance.



Vienna, Virginia  
August 29, 2019

**Atlas Service Corps, Inc.**

Statements of Financial Position  
December 31, 2018 and 2017

	2018	2017
<b>Assets</b>		
Cash	\$ 733,786	\$ 191,966
Accounts receivable	206,380	234,419
Grants receivable, net	211,147	341,779
Contributions receivable	79,968	32,747
Prepaid expenses and other assets	244,150	272,682
Property and equipment, net	-	514
	<hr/>	<hr/>
Total assets	<u>\$ 1,475,431</u>	<u>\$ 1,074,107</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 149,066	\$ 126,792
Pass-through funds	18,465	6,255
Deferred program revenue	1,020,169	694,305
Refundable advances	24,866	50,238
Deferred rent	-	6,571
	<hr/>	<hr/>
Total liabilities	<u>1,212,566</u>	<u>884,161</u>
<b>Net Assets</b>		
Without donor restrictions	93,565	38,946
With donor restrictions	169,300	151,000
	<hr/>	<hr/>
Total net assets	<u>262,865</u>	<u>189,946</u>
Total liabilities and net assets	<u>\$ 1,475,431</u>	<u>\$ 1,074,107</u>

*See accompanying notes.*

**Atlas Service Corps, Inc.**

Statement of Activities  
For the Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support</b>			
Program revenue	\$ 2,418,315	\$ -	\$ 2,418,315
Government grants	979,818	-	979,818
Grants	528,160	300,000	828,160
Contributions	260,432	-	260,432
In-kind contributions	33,821	-	33,821
Other income	22,971	-	22,971
Net assets released from restrictions	281,700	(281,700)	-
	4,525,217	18,300	4,543,517
<b>Expenses</b>			
Program services:			
General fellowships	4,108,897	-	4,108,897
	4,108,897	-	4,108,897
Supporting services:			
Fundraising	199,812	-	199,812
Management and general	161,889	-	161,889
	361,701	-	361,701
Total expenses	4,470,598	-	4,470,598
<b>Change in Net Assets</b>	54,619	18,300	72,919
<b>Net Assets, beginning of year</b>	38,946	151,000	189,946
<b>Net Assets, end of year</b>	\$ 93,565	\$ 169,300	\$ 262,865

See accompanying notes.

**Atlas Service Corps, Inc.**

Statement of Activities  
For the Year Ended December 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support</b>			
Program revenue	\$ 2,232,830	\$ -	\$ 2,232,830
Government grants	865,694	-	865,694
Grants	109,000	150,000	259,000
Contributions	271,429	-	271,429
In-kind contributions	198,276	-	198,276
Other income	22,109	-	22,109
Net assets released from restrictions	159,000	(159,000)	-
<b>Total revenue and support</b>	<b>3,858,338</b>	<b>(9,000)</b>	<b>3,849,338</b>
<b>Expenses</b>			
Program services:			
General fellowships	3,634,597	-	3,634,597
<b>Total program services</b>	<b>3,634,597</b>	<b>-</b>	<b>3,634,597</b>
Supporting services:			
Fundraising	204,987	-	204,987
Management and general	61,021	-	61,021
<b>Total supporting services</b>	<b>266,008</b>	<b>-</b>	<b>266,008</b>
<b>Total expenses</b>	<b>3,900,605</b>	<b>-</b>	<b>3,900,605</b>
<b>Change in Net Assets</b>	<b>(42,267)</b>	<b>(9,000)</b>	<b>(51,267)</b>
<b>Net Assets, beginning of year</b>	<b>81,213</b>	<b>160,000</b>	<b>241,213</b>
<b>Net Assets, end of year</b>	<b>\$ 38,946</b>	<b>\$ 151,000</b>	<b>\$ 189,946</b>

See accompanying notes.

**Atlas Service Corps, Inc.**

Statement of Functional Expenses  
For the Year Ended December 31, 2018

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total Expenses</u>
	General Fellowships	Fundraising	Management and General	
Fellow stipends	\$ 1,986,217	\$ 560	\$ 4,112	\$ 1,990,889
Salaries	530,430	71,829	10,345	612,604
Project services and events	438,708	48,785	-	487,493
Fellow living expenses	294,270	-	-	294,270
Fellow training	216,267	2,206	4,273	222,746
Fellow travel	194,228	-	-	194,228
Fellow insurance	136,181	-	-	136,181
Professional fees	-	39,653	96,277	135,930
Fringe benefits	99,982	13,539	1,950	115,471
Office rent	59,918	8,115	6,020	74,053
Payroll taxes	45,955	6,422	2,396	54,773
Supplies and equipment	35,530	5,634	5,312	46,476
Professional fees – in-kind	33,821	-	-	33,821
Program subgrant	9,099	-	16,544	25,643
Staff travel and meetings	13,705	1,678	122	15,505
Other business expenses	1,043	488	13,841	15,372
Advertising	7,454	112	83	7,649
Communications	5,307	520	397	6,224
Insurance	782	271	11	1,064
Bad debt expense	-	-	206	206
<b>Total Expenses</b>	<b>\$ 4,108,897</b>	<b>\$ 199,812</b>	<b>\$ 161,889</b>	<b>\$ 4,470,598</b>

See accompanying notes.



**Atlas Service Corps, Inc.**

Statement of Functional Expenses  
For the Year Ended December 31, 2017

	Program Services	Supporting Services		Total Expenses
	General Fellowships	Fundraising	Management and General	
Fellow stipends	\$ 1,719,337	\$ -	\$ -	\$ 1,719,337
Salaries	483,264	107,766	11,890	602,920
Fellow living expenses	305,518	-	-	305,518
Fellow training	302,781	-	-	302,781
Fellow travel	215,415	-	-	215,415
Fellow insurance	116,778	-	-	116,778
Professional fees	32,761	17,671	29,069	79,501
Fringe benefits	92,131	19,644	2,643	114,418
Office rent	56,097	12,509	11,174	79,780
Payroll taxes	42,874	9,561	1,055	53,490
Supplies and equipment	18,510	13,831	2,718	35,059
Professional fees – in-kind	198,276	-	-	198,276
Program subgrant	3,000	-	-	3,000
Staff travel and meetings	16,898	2,391	665	19,954
Other business expenses	9,867	3,565	1,049	14,481
Advertising	16,169	329	125	16,623
Communications	2,717	217	194	3,128
Insurance	2,204	492	439	3,135
Conferences and events	-	17,011	-	17,011
<b>Total Expenses</b>	<b>\$ 3,634,597</b>	<b>\$ 204,987</b>	<b>\$ 61,021</b>	<b>\$ 3,900,605</b>

**Atlas Service Corps, Inc.**

Statements of Cash Flows  
For the Years Ended December 31, 2018 and 2017

	2018	2017
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 72,919	\$ (51,267)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	514	851
Change in allowance for bad debt	(1,043)	(21,500)
Change in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	28,039	(170,730)
Grants receivable	131,675	(101,166)
Contributions receivable	(47,221)	(32,747)
Prepaid expenses and other assets	28,532	(73,578)
Increase (decrease) in:		
Accounts payable and accrued expenses	22,274	76,751
Pass-through funds	12,210	(9,571)
Deferred program revenue	325,864	243,575
Refundable advances	(25,372)	(124,608)
Deferred rent	(6,571)	(532)
	541,820	(264,522)
Net cash provided by (used in) operating activities		
	541,820	(264,522)
<b>Net Increase (Decrease) in Cash</b>		
	541,820	(264,522)
<b>Cash, beginning of year</b>		
	191,966	456,488
<b>Cash, end of year</b>		
	\$ 733,786	\$ 191,966

## Atlas Service Corps, Inc.

Notes to Financial Statements  
December 31, 2018 and 2017

### 1. Nature of Operations

Atlas Service Corps, Inc. (“Atlas Corps”) was incorporated in 2006 in the state of Delaware and is governed by a diverse Board of Directors. Atlas Corps’s mission is to address critical social issues by developing leaders, strengthening organizations, and promoting innovation through an overseas fellowship of skilled nonprofit professionals. Profiled as a “best practice” in international exchange by the Brookings Institute and featured in the Washington Post as a model social entrepreneurship program, Atlas Corps engages leaders committed to the nonprofit sector in twelve- to eighteen-month professional fellowships at organizations to learn best practices, build organizational capacity, and return home to create a network of global changemakers.

### 2. Summary of Significant Accounting Policies

#### Basis of Accounting and Presentation

Atlas Corps’s financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions, as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

#### Accounts Receivable

Accounts receivable consists primarily of amounts due from host organizations for the general fellowship program. All accounts receivables are reflected at net realizable value as all amounts are expected to be collected within one year. Atlas Corps’s policy is to charge-off uncollectible receivables when management determines the receivables will not be collected. No allowance for doubtful accounts has been recorded as management believes that all remaining accounts are deemed to be fully collectible.

## Atlas Service Corps, Inc.

Notes to Financial Statements  
December 31, 2018 and 2017

### 2. Summary of Significant Accounting Policies (continued)

#### Grants Receivable

Grants receivable are recorded at net realizable value and represent unconditional promises to give and grant expenses incurred before the grant revenue is received. No discount on grants receivable has been recorded at December 31, 2018 and 2017, as they are all due within one year. Grants receivable are evaluated periodically for collectability based upon evaluation of past loss experience, known or inherent risks, and other factors that could affect collectability. The allowance for uncollectible grants receivable was recorded at \$15,457 and \$16,500 at December 31, 2018 and 2017, respectively.

#### Contributions Receivable

Contributions receivable are unconditional promises to give that are recognized as contributions when promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. The allowance for uncollectible contributions receivable is determined based on management's evaluation of the collectability of individual promises. There was no allowance recorded on contributions receivable at December 31, 2018 and 2017, as management deemed that all contributions receivable were collectible.

#### Property and Equipment

Property and equipment with a cost greater than \$5,000 and a projected useful life exceeding one year are capitalized and recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from three to five years. Expenditures for maintenance and repairs are expensed as incurred.

#### Pass-Through Funds

Atlas Corps acts as a fiduciary agent for an unrelated not-for-profit organization and, as a fiduciary agent, provides safeguarding of assets, record-keeping of transactions, and insuring appropriate distributions. Atlas Corps's policy as fiduciary agent is to record funds received as pass-through funds in the accompanying statements of financial position. Pass-through funds liability was \$18,465 and \$6,255 at December 31, 2018 and 2017, respectively.

## Atlas Service Corps, Inc.

Notes to Financial Statements  
December 31, 2018 and 2017

### 2. Summary of Significant Accounting Policies (continued)

#### Revenue Recognition

All grants and contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Atlas Corps reports grants and contributions as restricted support if they are received with donor or grantor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Net assets with donor restrictions are reported as net assets without donor restrictions if the restrictions are met in the same period as received.

Program revenue consists of host fees and program service fees. Program revenue is received from host organizations to recruit, train, and place a host for individuals from overseas to participate in fellowships. Revenue for programs is recognized over the life of the program. The portion of the revenue that is related to the next calendar year is recorded as deferred program revenue in the accompanying statements of financial position.

Revenues from federal and other funding sources are recognized when the related expenses are incurred. Expenses charged to federal grants, including allocable indirect costs and fringe benefits, are subject to audit and adjustment. Grant expenses incurred before the grant revenue is received are reported as grants receivable in the accompanying statements of financial position. Funds received in advance of the period in which they will be recognized are reported as refundable advances in the accompanying statements of financial position. Revenue from all other sources is recognized when earned.

#### In-Kind Contributions

The value of contributions that enhance a nonfinancial asset and are considered specialized and can be estimated, and would have been purchased if not donated, are reflected in the accompanying statements of activities as in-kind contributions. In-kind contributions are recognized as revenue and expense in the accompanying statements of activities at their estimated fair value, as provided by the donor, at the date of receipt, or calculated fair value of use of property in the period the property is used. For the year ended December 31, 2018, in-kind contributions consisted of \$15,596 for legal services and \$18,225 for accounting services. For the year ended December 31, 2017, in-kind contributions consisted of \$178,401 for legal services and \$19,875 for accounting services.

## Atlas Service Corps, Inc.

Notes to Financial Statements  
December 31, 2018 and 2017

### 2. Summary of Significant Accounting Policies (continued)

#### Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

#### Advertising Costs

Advertising costs are expensed as incurred, and totaled \$7,649 and \$16,623 for the years ended December 31, 2018 and 2017, respectively.

#### Use of 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 the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

#### Reclassifications

Certain amounts in the 2017 financial statements have been reclassified to conform to the 2018 presentation. These reclassifications have no effect on the change in net assets previously reported.

#### Change in Accounting Principle

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities* (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Atlas Corps has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented. The implementation had no impact on the previously reported net assets.

## Atlas Service Corps, Inc.

Notes to Financial Statements  
December 31, 2018 and 2017

### 2. Summary of Significant Accounting Policies (continued)

#### Recently Issued Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases*. The update requires a lessee to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments, in its statements of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. The guidance is effective beginning in 2020.

#### Subsequent Events

In preparing these financial statements, Atlas Corps has evaluated events and transactions for potential recognition or disclosure through August 29, 2019, the date the financial statements were available to be issued.

### 3. Liquidity and Availability

Atlas Corps strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following at December 31:

	<u>2018</u>	<u>2017</u>
Cash	\$ 733,786	\$ 191,966
Accounts receivable	206,380	234,419
Grants receivable, net	211,147	341,779
Contributions receivable	<u>79,968</u>	<u>32,747</u>
Total available for general expenditures	<u>\$ 1,231,281</u>	<u>\$ 800,911</u>

### 4. Concentration of Credit Risk

Financial instruments that potentially subject Atlas Corps to significant concentrations of credit risk consist of cash. Atlas Corps maintains cash deposit and transaction accounts with financial institutions and these values, from time to time, exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC). Atlas Corps has not experienced any credit losses on its cash to date as it relates to FDIC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

## Atlas Service Corps, Inc.

Notes to Financial Statements  
December 31, 2018 and 2017

### 5. Property and Equipment

Property and equipment consists of the following at December 31:

	<u>2018</u>	<u>2017</u>
Furniture and equipment	\$ 17,920	\$ 17,921
Accumulated depreciation	<u>(17,920)</u>	<u>(17,407)</u>
Property and equipment, net	<u>\$ -</u>	<u>\$ 514</u>

### 6. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following at December 31:

	<u>2018</u>	<u>2017</u>
Summit Conference	\$ 169,300	\$ 150,000
Muslim Engagement Fund	<u>-</u>	<u>1,000</u>
Total net assets with donor restrictions	<u>\$ 169,300</u>	<u>\$ 151,000</u>

### 7. Commitments and Contingencies

#### Operating Leases

During 2014, Atlas Corps entered into an operating lease agreement for office space that commenced on October 4, 2014 and was set to expire on September 30, 2019. The terms of the lease called for fixed monthly payments with a provision for a 3% increase in rental payments each year. Atlas Corps was responsible for the payment of its proportionate share of increases in the building's annual operating expenses and real estate taxes as passed through from the landlord in the amount of 8.5%. The unamortized portion of the cumulative difference between the actual rent paid and the straight-line rent is reflected as deferent rent in the accompanying statements of financial position. On March 16, 2018, Atlas Corps signed an amendment to this office lease agreement for a new expiration date of June 18, 2018.

On June 14, 2018, Atlas Corps entered into a licensing agreement to use office space, commencing on June 16, 2018 and expiring on June 30, 2020.



## Atlas Service Corps, Inc.

Notes to Financial Statements  
December 31, 2018 and 2017

### 7. Commitments and Contingencies (continued)

#### Operating Leases (continued)

Occupancy expense for office space for the years ended December 31, 2018 and 2017 was \$74,053 and \$79,780, respectively.

Future minimum payments under the licensing agreement are as follows for the years ending December 31:

2019	\$	90,800
2020		<u>45,400</u>
Future minimum payments	\$	<u>136,200</u>

Atlas Corps maintains seven group homes where the Fellows live. The group homes are leased under annual and month-to-month lease agreements that are renewed at various times during the year, except for two properties with multi-year leases expired on March 31, 2019. The combined annual rent expense for the group homes was \$273,184 and \$277,326 for the years ended December 31, 2018 and 2017, respectively.

#### Government Cooperative and Grant Agreements

Funds received from the federal government agencies are subject to audit under the provisions of these cooperative and grant agreements. The ultimate determination of amounts received under these cooperative and grant agreements is based upon the allowance of costs reported to and accepted by the oversight agencies. Until such cooperative and grant agreements are closed out, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability exists.

### 8. Related Party Transactions

Atlas Corps receives contributions without donor restrictions from its Board members and employees. For the years ended December 31, 2018 and 2017, Atlas Corps received \$82,014 and \$74,808, respectively, which are included in grants and contributions in the accompanying statements of activities.

## **Atlas Service Corps, Inc.**

Notes to Financial Statements  
December 31, 2018 and 2017

### **9. Functionalized Expenses**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses that are allocated include salaries, payroll taxes, fringe benefits, professional fees, advertising, staff travel and meetings, supplies and equipment, communications, insurance, office rent, and other business expenses, which are allocated on the basis of estimates of time and effort.

### **10. Income Taxes**

Atlas Corps is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC), and is exempt from income taxes except for taxes on unrelated business activities. For the years ended December 31, 2018 and 2017, there was no unrelated business income and, accordingly, no federal or state income taxes have been recorded. Contributions to Atlas Corps are deductible as provided in IRC Section 170(b)(1)(A)(vi). Management evaluated Atlas Corps's tax positions and concluded that the financial statements do not include any uncertain tax positions.

**SUPPLEMENTARY SCHEDULE AND REPORTS REQUIRED  
BY THE UNIFORM GUIDANCE**

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**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 of  
Atlas Service Corps, Inc.

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 Atlas Service Corps, Inc. ("Atlas Corps"), which comprise the statement of financial position as of December 31, 2018, 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 August 29, 2019.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Atlas Corps'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 Atlas Corps's internal control. Accordingly, we do not express an opinion on the effectiveness of Atlas Corps'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 Atlas Corps'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 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.

A handwritten signature in black ink that reads "Rogers + Company PLLC". The signature is written in a cursive, slightly stylized font.

Vienna, Virginia  
August 29, 2019

**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 of  
Atlas Service Corps, Inc.

***Report on Compliance for Each Major Federal Program***

We have audited Atlas Service Corps, Inc.'s ("Atlas Corps") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Atlas Corps's major federal programs for the year ended December 31, 2018. Atlas Corps's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with 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 Atlas Corps'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 Atlas Corps'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 Atlas Corps's compliance.

***Opinion on Each Major Federal Program***

In our opinion, Atlas Corps 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 for the year ended December 31, 2018.

***Report on Internal Control over Compliance***

Management of Atlas Corps 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 Atlas Corps'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 Atlas Corps'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.



Vienna, Virginia  
August 29, 2019

**Atlas Service Corps, Inc.**

Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Agency or Pass- Through Grant Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>United States Department of State</b>				
AEECA/ESF PD Programs	19.900	S-AL-600-16-GR-205	\$ -	\$ 153,453
AEECA/ESF PD Programs	19.900	S-RS500-16-GR-194	-	71,552
Total AEECA/ESF PD Programs			-	225,005
Investing in People in The Middle East and North Africa	19.021	S-IS-400-16-CA0043	-	230,746
Investing in People in The Middle East and North Africa	19.021	S-TS-800-16-CA-089	-	158,438
Investing in People in The Middle East and North Africa	19.021	S-TS-800-18-CA0002	-	17,984
Total Investing in People in The Middle East and North Africa			-	407,168
Public Diplomacy Programs for Afghanistan and Pakistan	19.501	SPK-330-17-GR-067	-	266,431
Public Diplomacy Programs for Afghanistan and Pakistan	19.501	SPK-330-15-GR-114	-	32,996
Total Public Diplomacy Programs for Afghanistan and Pakistan			-	299,427
Public Diplomacy Programs	19.040	SMO550-18-GR-0043	-	21,632
Public Diplomacy Programs	19.040	SRS500-18-GR-0035	-	16,652
Public Diplomacy Programs	19.040	SNI014-18-GR-0104	-	3,133
Public Diplomacy Programs	19.040	SNI014-16-GR-088	-	2,326
Total Public Diplomacy Programs			-	43,743
<i>Pass Through from Meridian International Center:</i>				
Professional and Cultural Exchange Programs – Citizen Exchanges	19.415	S-ECAGD-17-CA-1037	-	4,475
Total United States Department of State Programs			-	979,818
<b>Total Expenditures of Federal Awards</b>			<b>\$ -</b>	<b>\$ 979,818</b>

See accompanying notes to the schedule of expenditures of federal awards.



## **Atlas Service Corps, Inc.**

### Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2018

#### **1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of Atlas Corps under the programs of the federal government for the year ended December 31, 2018. The information in the SEFA 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 SEFA presents only a selected portion of the operations of Atlas Corps, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of Atlas Corps.

#### **2. Summary of Significant Accounting Policies**

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, where certain types of expenditures are not allowable or are limited as to reimbursement.

For new awards or modifications of existing awards after December 26, 2014, the expenditures reported in the SEFA follow the cost principles contained in the Uniform Guidance. For existing awards prior to December 26, 2014, the expenditures follow the cost principles contained in OMB Circular A-122, *Cost Principles for Nonprofit Organizations*. The cost principles indicate that certain types of expenditures are not allowable or reimbursements of allowable costs are limited as to reimbursement.

#### **3. Indirect Cost Rates**

Atlas Corps has elected to use the 10% *de minimis* indirect cost rate, which is allowed in accordance with the Uniform Guidance.

**Atlas Service Corps, Inc.**

Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2018

**Section I - Summary of Auditors' Results**

***Financial Statements***

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes   X   No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes   X   None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes   X   No

***Federal Awards***

Internal control over the major program:

- Material weakness(es) identified? \_\_\_\_\_ Yes   X   No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes   X   None reported

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

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

Identification of the major program:

CFDA Number	Name of Federal Program or Cluster
19.021	Investing in People in The Middle East and North Africa
19.501	Public Diplomacy Programs for Afghanistan and Pakistan

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

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes   X   No

**Atlas Service Corps, Inc.**

Schedule of Findings and Questioned Costs (continued)  
For the Year Ended December 31, 2018

**Section II – Financial Statement Findings**

There were no financial statement findings reported during the 2018 audit.

**Section III – Federal Award Findings and Questioned Costs**

There were no federal award findings or questioned costs reported during the 2018 audit.

**Atlas Service Corps, Inc.**

Corrective Action Plan  
For the Year Ended December 31, 2018

There were no findings for the year ended December 31, 2018; therefore, a corrective action plan was not needed.

**Atlas Service Corps, Inc.**

Schedule of Prior Audit Findings  
For the Year Ended December 31, 2018

There were no findings or questioned costs reported for the 2017 audit.