

**ASSOCIATION OF STATE AND TERRITORIAL CHRONIC DISEASE  
PROGRAM DIRECTORS**

**D/B/A  
THE NATIONAL ASSOCIATION OF CHRONIC DISEASE DIRECTORS**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2022 AND 2021**

**With Independent Auditor's Report Thereon**

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Association of State and Territorial Chronic Disease Program Directors  
d/b/a The National Association of Chronic Disease Directors

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of the Association of State and Territorial Chronic Disease Program Directors d/b/a The National Association of Chronic Disease Directors (“NACDD”), which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years 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 NACDD as of September 30, 2022 and 2021, 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.

#### ***Basis for Opinion***

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. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of NACDD 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 opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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 the financial statements that are free from material misstatement, 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 NACDD’s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### ***Auditor’s 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 auditor’s 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 and *Government 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, misrepresentations, 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 and *Government 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 NACDD'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 NACDD'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.

#### ***Supplementary 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* 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 schedule of expenditures of federal awards 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 June 23, 2023 on our consideration of NACDD'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 NACDD'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 NACDD's internal control over financial reporting and compliance.



Morrow, Georgia  
June 23, 2023

ASSOCIATION OF STATE AND TERRITORIAL CHRONIC DISEASE PROGRAM DIRECTORS  
D/B/A THE NATIONAL ASSOCIATION OF CHRONIC DISEASE DIRECTORS  
STATEMENTS OF FINANCIAL POSITION  
SEPTEMBER 30, 2022 AND 2021

	ASSETS	
	2022	2021
Current assets		
Cash	434,037	\$ 1,409,868
Investments	1,121,117	1,400,979
Grants receivable	4,321,139	430,877
Other receivable	500,187	363,136
Other current assets	101,054	147,738
Total current assets	6,477,534	3,752,598
Furniture and equipment, net	84,120	100,944
Total assets	\$ 6,561,654	\$ 3,853,542
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 3,482,088	\$ 1,071,649
Deferred revenue	42,247	269,234
Other current liabilities	61,519	62,018
Total liabilities	3,585,854	1,402,901
Net assets		
Without donor restrictions	2,690,354	2,193,858
With donor restrictions	285,446	256,783
Total net assets	2,975,800	2,450,641
Total liabilities and net assets	\$ 6,561,654	\$ 3,853,542

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

ASSOCIATION OF STATE AND TERRITORIAL CHRONIC DISEASE PROGRAM DIRECTORS  
D/B/A THE NATIONAL ASSOCIATION OF CHRONIC DISEASE DIRECTORS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, losses and other support			
Grant revenue	\$ -	\$ 44,376,220	\$ 44,376,220
Other grants and contributions	237,902	1,192,169	1,430,071
Member dues	156,000	-	156,000
Conference and meetings	24,500	-	24,500
Other revenue	2,276	-	2,276
Investment loss	<u>(279,863)</u>	-	<u>(279,863)</u>
Revenue, losses and other support	140,815	45,568,389	45,709,204
Net assets released from restrictions	<u>45,539,726</u>	<u>(45,539,726)</u>	-
Total revenue, gains and other support	<u>45,680,541</u>	<u>28,663</u>	<u>45,709,204</u>
Expenses			
<i>Program activities:</i>			
Prevention	22,282,145	-	22,282,145
Public Awareness and Health Promotion	13,397,046	-	13,397,046
Professional Education and Training	<u>3,531,374</u>	-	<u>3,531,374</u>
Total program activities	39,210,565	-	39,210,565
<i>Supporting services:</i>			
Management and General	5,973,480	-	5,973,480
Fundraising	<u>-</u>	<u>-</u>	<u>-</u>
Total supporting services	<u>5,973,480</u>	<u>-</u>	<u>5,973,480</u>
Total expenses	<u>45,184,045</u>	<u>-</u>	<u>45,184,045</u>
Change in net assets	496,496	28,663	525,159
Net assets at beginning of year	<u>2,193,858</u>	<u>256,783</u>	<u>2,450,641</u>
Net assets at end of year	<u>\$ 2,690,354</u>	<u>\$ 285,446</u>	<u>\$ 2,975,800</u>

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

ASSOCIATION OF STATE AND TERRITORIAL CHRONIC DISEASE PROGRAM DIRECTORS  
D/B/A THE NATIONAL ASSOCIATION OF CHRONIC DISEASE DIRECTORS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains and other support			
Grant revenue	\$ -	\$ 29,902,740	\$ 29,902,740
Other grants and contributions	169,247	809,202	978,449
Member dues	74,000	-	74,000
Conference and meetings	400	-	400
Other revenue	69	-	69
Investment income	<u>182,875</u>	<u>-</u>	<u>182,875</u>
Revenue, gains and other support	426,591	30,711,942	31,138,533
 Net assets released from restrictions	 <u>30,524,625</u>	 <u>(30,524,625)</u>	 <u>-</u>
 Total revenue, gains and other support	 <u>30,951,216</u>	 <u>187,317</u>	 <u>31,138,533</u>
 Expenses			
<i>Program activities:</i>			
Prevention	16,164,465	-	16,164,465
Public Awareness and Health Promotion	6,871,830	-	6,871,830
Professional Education and Training	<u>3,679,897</u>	<u>-</u>	<u>3,679,897</u>
Total program activities	26,716,192	-	26,716,192
<i>Supporting services:</i>			
Management and General	4,649,545	-	4,649,545
Fundraising	<u>-</u>	<u>-</u>	<u>-</u>
Total supporting services	<u>4,649,545</u>	<u>-</u>	<u>4,649,545</u>
 Total expenses	 <u>31,365,737</u>	 <u>-</u>	 <u>31,365,737</u>
 Change in net assets	 (414,521)	 187,317	 (227,204)
 Net assets at beginning of year	 <u>2,608,379</u>	 <u>69,466</u>	 <u>2,677,845</u>
 Net assets at end of year	 <u>\$ 2,193,858</u>	 <u>\$ 256,783</u>	 <u>\$ 2,450,641</u>

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

ASSOCIATION OF STATE AND TERRITORIAL CHRONIC DISEASE PROGRAM DIRECTORS  
D/B/A THE NATIONAL ASSOCIATION OF CHRONIC DISEASE DIRECTORS  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Program Activities						Total
	Prevention	Public Awareness and Health Promotion	Professional Education and Training	Total	Management and General	Fundraising	
Program expenses	\$ 21,010,804	\$ 12,197,124	\$ 1,111,403	\$ 34,319,331	\$ 261,162	\$ -	\$ 34,580,493
Personnel cost	859,225	1,014,939	1,402,233	3,276,397	3,365,253	-	6,641,650
Travel	224,242	89,468	530,300	844,010	687,907	-	1,531,917
Meetings and conferences	70,257	20,549	434,420	525,226	67,937	-	593,163
Noncapitalizable equipment	84,379	37,474	16,639	138,492	401,503	-	539,995
Occupancy	-	4,592	820	5,412	318,327	-	323,739
Professional services	16,492	9,888	11,997	38,377	285,114	-	323,491
Materials, services and consumables	16,541	23,012	23,562	63,115	181,217	-	244,332
Advocacy	-	-	-	-	210,000	-	210,000
Depreciation, financing and other	<u>205</u>	<u>-</u>	<u>-</u>	<u>205</u>	<u>195,060</u>	<u>-</u>	<u>195,265</u>
Total expenses	<u>\$ 22,282,145</u>	<u>\$ 13,397,046</u>	<u>\$ 3,531,374</u>	<u>\$ 39,210,565</u>	<u>\$ 5,973,480</u>	<u>\$ -</u>	<u>\$ 45,184,045</u>

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

ASSOCIATION OF STATE AND TERRITORIAL CHRONIC DISEASE PROGRAM DIRECTORS  
D/B/A THE NATIONAL ASSOCIATION OF CHRONIC DISEASE DIRECTORS  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Program Activities</u>							<u>Total</u>
	<u>Prevention</u>	<u>Public Awareness and Health Promotion</u>	<u>Professional Education and Training</u>	<u>Total</u>	<u>Management and General</u>	<u>Fundraising</u>		
Program expenses	\$ 14,684,383	\$ 6,234,209	\$ 2,855,850	\$ 23,774,442	\$ 433,692	\$ -	\$ 24,208,134	
Personnel cost	619,629	566,756	664,246	1,850,631	2,967,588	-	4,818,219	
Travel	34,656	16,283	19,071	70,010	119,931	-	189,941	
Meetings and conferences	53,933	44,078	83,416	181,427	53,539	-	234,966	
Noncapitalized equipment	46,641	5,750	7,846	60,237	291,631	-	351,868	
Occupancy	3,016	1,775	-	4,791	277,096	-	281,887	
Professional services	17,528	-	1,163	18,691	275,107	-	293,798	
Materials, services and consumables	4,764	2,700	13,760	21,224	44,074	-	65,298	
Depreciation, financing and other	380	279	-	659	152,469	-	153,128	
Grant expense	699,535	-	34,545	734,080	-	-	734,080	
Miscellaneous	-	-	-	-	34,418	-	34,418	
Total expenses	<u>\$ 16,164,465</u>	<u>\$ 6,871,830</u>	<u>\$ 3,679,897</u>	<u>\$ 26,716,192</u>	<u>\$ 4,649,545</u>	<u>\$ -</u>	<u>\$ 31,365,737</u>	

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



ASSOCIATION OF STATE AND TERRITORIAL CHRONIC DISEASE PROGRAM DIRECTORS  
D/B/A THE NATIONAL ASSOCIATION OF CHRONIC DISEASE DIRECTORS  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 525,159	\$ (227,204)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	16,824	16,828
Unrealized/Realized loss (gain) on investments	295,641	(174,618)
(Increase) Decrease in government grants	(3,890,262)	1,255,490
(Increase) Decrease in other receivables	(137,051)	-
Decrease in other assets	46,684	26,466
Increase (Decrease) in accounts payable and accrued expenses	2,410,439	(1,004,368)
(Decrease) Increase in other liabilities	(499)	41,090
Decrease in deferred revenue	<u>(226,987)</u>	<u>(286,643)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(960,052)</u>	<u>(352,959)</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(654,687)	(1,070,254)
Sale of investments	<u>638,908</u>	<u>1,061,998</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(15,779)</u>	<u>(8,256)</u>
NET CHANGE IN CASH	(975,831)	(361,215)
CASH AT THE BEGINNING OF THE YEARS	<u>1,409,868</u>	<u>1,771,083</u>
CASH AT THE END OF THE YEARS	<u>\$ 434,037</u>	<u>\$ 1,409,868</u>

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

ASSOCIATION OF STATE AND TERRITORIAL CHRONIC DISEASE PROGRAM DIRECTORS  
D/B/A THE NATIONAL ASSOCIATION OF CHRONIC DISEASE DIRECTORS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022 AND 2021

**1. ORGANIZATION AND PURPOSE**

The Association of State and Territorial Chronic Disease Program Directors d/b/a The National Association of Chronic Disease Directors (“NACDD”), is a public health association for Chronic Disease Directors from every state and U.S. territory. Its mission is to improve the health of the public by strengthening state-based leadership and expertise for chronic disease prevention and control in states and national levels.

Since its founding in 1988, NACDD has been a national leader in the effort to reduce chronic diseases by mobilizing its members to advocate for preventive policies and programs, and to encourage knowledge sharing and develop model partnerships for health promotion through state and community-based prevention strategies. NACDD primarily receives support through a cooperative agreement with the Centers for Disease Control and Prevention (CDC).

The following are NACDD’s major program activities in addressing and preventing chronic disease for the fiscal years ended September 30, 2022 and 2021:

**Prevention** - NACDD implements various public health programs and activities to address prevention, early detection, and education using different tools, innovative resources, and strategies to prevent chronic diseases.

**Public Awareness and Health Promotion** – Programs implemented by NACDD provide public information, awareness, education, tools, innovative resources, technical assistance and strategies working with public health practitioners in State, Tribal, and Territorial Health Departments and other partners in chronic disease prevention.

**Professional Education and Training** - NACDD provides practice-based learning, mentoring, and leadership development opportunities that support skill building, cross-training, and best practices to drive successful implementation of evidence-based chronic disease prevention and health promotion by the target population. Technical assistance and support are aimed at public health practitioners working at the state, territorial and local levels, people working in professional positions like public health practitioners, health educators, nurses, physicians, epidemiologists, evaluators, and social workers whose focus is chronic disease prevention and health promotion.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

**Basis of Accounting**

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP).

ASSOCIATION OF STATE AND TERRITORIAL CHRONIC DISEASE PROGRAM DIRECTORS  
D/B/A THE NATIONAL ASSOCIATION OF CHRONIC DISEASE DIRECTORS  
NOTES TO FINANCIAL STATEMENTS – Continued

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**Net Assets**

The financial statements report net assets and changes to net assets that are based on the existence or absence of donor-imposed restrictions as follows:

- *Without donor restrictions* – net assets that are not subject to donor-imposed restrictions or the donor-imposed restrictions have expired. As reflected in the accompanying financial statement, NACDD’s Board of Directors has designated a portion of these net assets without donor restrictions as available for use in general operations.
- *With donor restrictions* – net assets that are subject to donor-imposed restrictions. These include net assets that are subject to time or purpose restrictions. Assets with time or purpose restrictions are satisfied either by the passage of time or by actions of NACDD.

Revenue is reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. If an expense is incurred for a purpose for which net assets with donor restrictions are available, a donor-imposed restriction is fulfilled to the extent of the expense incurred. 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 as released from restrictions in the statement of activities. Gains and losses on investments are reported as investment income in net assets without donor restrictions.

**Cash Equivalents**

For purposes of the statement of cash flows, NACDD considers highly liquid investments with maturities of three months or less to be cash equivalents.

**Investments**

Investment securities are stated at fair value. Management fees and expenses are netted against interest and dividend income for the years ended September 30, 2022 and 2021.

**Government Grants and Other Receivables**

NACDD receives grants funding primarily from the U.S. Department of Health and Human Services for direct and indirect program costs and to provide certain whole or partial sub-grants to other agencies.

Federal grants are considered conditional contributions. Revenue from grants and contracts is recognized only when funds are utilized by NACDD to carry out the activity stipulated in the grants or contracts agreement. Grants and contracts receivable represent amounts due from funding organizations for reimbursable expenses incurred. Cash received under grants and contracts in advance of incurring the related expenses is reported as deferred revenue.

**Property and Equipment**

Equipment is stated at cost and is being depreciated on a straight-line basis over estimated useful life of three to seven years. Furniture and equipment are capitalized if it has a cost of \$5,000 or more and a useful life of more than one year when acquired.

ASSOCIATION OF STATE AND TERRITORIAL CHRONIC DISEASE PROGRAM DIRECTORS  
D/B/A THE NATIONAL ASSOCIATION OF CHRONIC DISEASE DIRECTORS  
NOTES TO FINANCIAL STATEMENTS – Continued

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**Management Estimates**

NACDD’s management has made certain estimates and assumptions related to the reporting of government grants receivable, accounts payable, and accrued expenses to prepare the financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

**Revenue Concentrations**

For the years ended September 30, 2022 and 2021, NACDD received majority of its revenue from grants coming from the U.S. Department of Health and Human Services (pass through entity — Centers for Disease Control and Prevention). As a percentage of revenue, these grants amounted to in 94% in 2022 and 93% in 2021.

**Grant Revenue**

Grant revenue is recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grants. Grant revenue from federal agencies is subject to independent audit under the Office of Management and Budget’s audit requirements for federal awards and review by grantor agencies. The review could result in the disallowance of expenditures under the terms of the grants or reductions of future grant funds. Based on prior experience, NACDD’s management believes that cost ultimately disallowed, if any, would not materially affect the financial position of the organization.

**Functional Allocation of Expenses**

The cost of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NACDD’s expenses are classified into two categories: 1) Program activities, which primarily focus on prevention of chronic disease, public awareness and health education, and professional education and training. 2) Support services are expenses incurred to support NACDD’s mission activities. They include activities that provide governance (Board of Directors), oversight, business management, financial recordkeeping, budgeting and reporting, legal services, general and administrative, human resource management, and similar functions that ensure adequate working environment and an equitable employment program.

For the years ended September 30, 2022 and 2021, NACDD’s expenses were allocated to these two areas as follows:

	2022		2021	
	Amount	%	Amount	%
Program activities	\$ 39,210,565	87%	\$ 26,716,192	85%
Support services	<u>5,973,480</u>	<u>13%</u>	<u>4,649,545</u>	<u>15%</u>
Total	<u>\$ 45,184,045</u>	<u>100%</u>	<u>\$ 31,365,737</u>	<u>100%</u>

ASSOCIATION OF STATE AND TERRITORIAL CHRONIC DISEASE PROGRAM DIRECTORS  
D/B/A THE NATIONAL ASSOCIATION OF CHRONIC DISEASE DIRECTORS  
NOTES TO FINANCIAL STATEMENTS – Continued

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**Tax Status**

NACDD is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). Contributions to the organization are tax deductible to donors under Section 170 of the IRC. NACDD is not classified as a private foundation. NACDD is no longer subject to examination by federal, state or local tax authorities for periods before 2019.

**Adoption of New Accounting Pronouncements**

FASB issued ASU 2016-02, Leases (Topic 842), which, when effective, will require organizations to recognize assets and liabilities on the balance sheet for the rights and obligations created by the leases. A lessee will be required to recognize assets and liabilities for leases with terms that exceed twelve months. The standard will also require disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. The disclosures include qualitative and quantitative requirements, providing additional information about the amounts recorded in the financial statements. NACDD does not expect the adoption to have a material impact on net assets. This ASU is effective for the year ending September 30, 2023.

**Reclassifications**

Certain prior year amounts have been reclassified to conform to the current year presentation.

**3. LIQUIDITY AND AVAILABILITY**

NACDD regularly monitors liquidity required to meet its operating needs and other financial commitments. In addition to the financial assets and other resources available for general expenditure within one year, NACDD has Board Designated Operating Reserve net assets without donor restrictions of \$1,121,117 that, while the Organization does not intend to spend these for purposes other than those identified, the amounts could be made available for current operations, with Board approval as needed.

Financial assets for general expenditures available within one year from September 30, 2022, are as follows:

Financial assets:	
Cash	\$ 434,037
Investments	1,121,117
Grants receivable	4,321,139
Other receivables	<u>500,187</u>
Total financial assets	6,376,480
Less amounts not available to be used within one year:	
Board Designated Operating Reserve	1,121,117
Net assets with donor restrictions	<u>285,446</u>
	<u>1,406,563</u>
Total financial assets available for general expenditures within one year	<u>\$ 4,969,917</u>

ASSOCIATION OF STATE AND TERRITORIAL CHRONIC DISEASE PROGRAM DIRECTORS  
D/B/A THE NATIONAL ASSOCIATION OF CHRONIC DISEASE DIRECTORS  
NOTES TO FINANCIAL STATEMENTS – Continued

**4. INVESTMENTS**

The fair value of investments on September 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Short term Reserves and Cash	\$ 25,921	\$ 7,715
Equity Funds	763,727	881,988
Fixed Income Funds	<u>331,469</u>	<u>511,276</u>
	<u>\$ 1,121,117</u>	<u>\$ 1,400,979</u>

**5. FAIR VALUE MEASUREMENTS**

NACDD follows the provisions of Statement of Financial Accounting Standards Board (FASB) Accounting Standards Codification ASC 820, Fair Value Measurements and Disclosures, for financial assets and liabilities. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. U.S. GAAP requires NACDD to disclose the fair value of each of its assets and liabilities based on the level of observable inputs. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date or published net asset value for alternative investments with characteristics similar to a mutual fund.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair value measurement falls, in its entirety, is based on the lowest level input that is significant to the fair value measurement.

The following table summarized NACDD’s financial instruments measured at fair value on a recurring basis in accordance with ASC 820 as of September 30, 2022:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Short term reserves and cash	\$ 25,921	\$ -	\$ -	\$ 25,921
Equity funds	763,727	-	-	763,727
Fixed income funds	<u>331,469</u>	<u>-</u>	<u>-</u>	<u>331,469</u>
	<u>\$ 1,121,117</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,121,117</u>

The following table summarized NACDD’s financial instruments measured at fair value on a recurring basis in accordance with ASC 820 as of September 30, 2021:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Short term reserves and cash	\$ 7,715	\$ -	\$ -	\$ 7,715
Equity funds	881,988	-	-	881,988
Fixed income funds	<u>511,276</u>	<u>-</u>	<u>-</u>	<u>511,276</u>
	<u>\$ 1,400,979</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,400,979</u>

ASSOCIATION OF STATE AND TERRITORIAL CHRONIC DISEASE PROGRAM DIRECTORS  
D/B/A THE NATIONAL ASSOCIATION OF CHRONIC DISEASE DIRECTORS  
NOTES TO FINANCIAL STATEMENTS – Continued

**6. FURNITURE AND EQUIPMENT**

Furniture and equipment consisted of the following on September 30, 2022 and 2021:

	2022	2021
Furniture, equipment, & software	\$ 161,768	\$ 161,768
Leasehold improvement	35,617	35,617
Total fixed assets	197,385	197,385
Less: accumulated depreciation	(113,265)	(96,441)
Furniture and equipment, net	\$ 84,120	\$ 100,944

**7. LEASE COMMITMENTS**

NACDD leases office space under an operating lease with Task Force for Global Health that expired on February 28, 2022, but the lease contains a provision to extend this lease for up to one additional, one-year period. NACDD also has two equipment leases. Total rent expense is \$84,172 and \$78,520, for each of the fiscal years ended September 30, 2022 and 2021, respectively.

In February 2023, NACDD entered a sixteen-year operating lease for office space, commencing on August 1, 2023.

Future minimum payments for all operating leases are as follows:

Year	Amount
2023	\$ 111,905
2024	461,524
2025	477,206
2026	515,750
2027	642,035
Thereafter	9,078,828
	\$ 11,287,348

**8. EMPLOYEE BENEFIT PLAN**

NACDD sponsors a defined contribution 401(k) retirement plan in which all employees are eligible to participate. Contributions may be made by employees through pretax contributions. NACDD matches contributions 100% up to 7% of an employee's salary.

Expenditures for employer contributions to the plan totaled \$198,039 and \$151,043 for the years ended September 30, 2022 and 2021, respectively.

ASSOCIATION OF STATE AND TERRITORIAL CHRONIC DISEASE PROGRAM DIRECTORS  
D/B/A THE NATIONAL ASSOCIATION OF CHRONIC DISEASE DIRECTORS  
NOTES TO FINANCIAL STATEMENTS – Continued

**9. NET ASSETS**

Net assets as of September 30, 2022 and 2021 consist of funds for the following:

	2022		2021	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Available for operations	\$ 1,569,237	\$ -	\$ 792,879	\$ -
Board designated operating reserve	1,121,117	-	1,400,979	-
Lupus Education - ACR#2	-	12,124	-	20,306
Community eConnect - Nevada	-	2,533	-	-
Community eConnect – Missouri	-	(1,176)	-	40
Community eConnect - Delaware	-	7,487	-	7,487
Hawaii Dept. of Health	-	42,500	-	42,500
Georgia Dept. of Health	-	9,947	-	33,530
Florida Dept. of Health	-	11,711	-	33,403
Florida Dept. of Health Clinic	-	15,222	-	15,222
North Dakota Health Equity	-	2,309	-	4,010
Community eConnect- Texas	-	2,600	-	2,600
ScreenVision/Connecticut	-	450	-	450
North Dakota Oral Health	-	622	-	622
Lupus Foundation of America	-	4,561	-	-
Population Health-Anti-Racism Vir Train	-	(10,436)	-	-
National Hypertension Control Roundtable	-	84,623	-	48,706
The SC Dept. of Health and Environment	-	500	-	500
Georgia Dept of Health Equity Training	-	614	-	614
BAA TextHealth	-	113,152	-	49,499
PHPA – Cost of Diabetes in the Workplace	-	5,193	-	8,494
Arkansa Dept of Hlth. - Invest in Better Future	-	(26,390)	-	-
Maryland Walkability Virtual Academy	-	5,800	-	1,800
Beyond COVID – Saint James Hospital	-	1,500	-	1,500
Beyond COVID – Saint Mary’s Hospital	-	-	-	(14,500)
	<u>\$ 2,690,354</u>	<u>\$ 285,446</u>	<u>\$ 2,193,858</u>	<u>\$ 256,783</u>

**10. CONCENTRATION OF CREDIT RISK**

NACDD maintains its funds with a financial institution that insures cash balances up to \$250,000 through the Federal Deposit Insurance Corporation. NACDD maintains cash balances that may exceed insured limits as of September 30, 2022. As of September 30, 2022, NACDD held funds of \$1,068,206 that exceeded the insured limits. NACDD performs on-going evaluations of the financial institution to limit its concentration of credit risk exposure. NACDD has not experienced any losses in such accounts and management believes NACDD is not exposed to any significant credit risk related to cash.

**11. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through June 23, 2023, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.



**SINGLE AUDIT SECTION**

ASSOCIATION OF STATE AND TERRITORIAL CHRONIC DISEASE PROGRAM DIRECTORS  
D/B/A THE NATIONAL ASSOCIATION OF CHRONIC DISEASE DIRECTORS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
SEPTEMBER 30, 2022

<b>Federal Grantor</b>		Assistance		
<i>Pass Through Grantor</i>	Award	Listing	Passed-through	Federal
<u>Title of Federal Program</u>	<u>Number</u>	<u>Number</u>	<u>to Subrecipients</u>	<u>Expenditures</u>
Other Programs –				
<b>Department of Health and Human Services</b>				
<i>Direct Federal</i>				
Scaling the National Diabetes Prevention Program	NU58DP006363	93.261	\$ _____ -	\$ <u>1,377,492</u>
<i>Direct Federal</i>				
Preventative Health and Health Services	NU38OT000286	93.421	-	35,981,443
COVID-19 Messaging for Chronic Disease Directors	NU38OT000286	93.421	_____ -	<u>2,978,765</u>
Total Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nations Health			_____ -	<u>38,960,208</u>
<i>Passed through Nevada Department of Health and Human Services</i>				
Heart Disease and Stroke Prevention Program	NU58DP006538	93.426	-	55,692
<i>Passed through Missouri Department of Health and Senior Services</i>				
Community E-Connect	NU58DP006520	93.426	_____ -	<u>32,153</u>
Total Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke			_____ -	<u>87,845</u>
<i>Direct Federal</i>				
Partner Actions to Improve Oral Health Outcomes	NU58DP006574	93.446	_____ -	<u>148,652</u>
<i>Direct Federal</i>				
National Organizations for Chronic Disease Prevention and Health Promotion	NU58DP006510	93.809	_____ -	<u>3,100,578</u>
<i>Direct Federal</i>				
Advancing Arthritis	NU58DP006979	93.945	-	246,362
Advancing Arthritis – Component 2	NU58DP006982	93.945	_____ -	<u>386,091</u>
Total Assistance Programs for Chronic Disease Prevention and Control			_____ -	<u>632,453</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ _____ -	\$ <u>44,307,228</u>

ASSOCIATION OF STATE AND TERRITORIAL CHRONIC DISEASE PROGRAM DIRECTORS  
D/B/A THE NATIONAL ASSOCIATION OF CHRONIC DISEASE DIRECTORS  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
SEPTEMBER 30, 2022

**Note 1 - Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal grant activity of the Association of State and Territorial Chronic Disease Program Directors d/b/a The National Association of Chronic Disease Directors (“NACDD”) under programs of the federal government for the year ended September 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR)* 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 NACDD, it is not intended to and does not present the financial position, changes in net assets, or cash flows of NACDD.

**Note 2 - Summary of Significant Accounting Policies**

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

**Note 3 - Indirect Cost Rate**

NACDD has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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*

To the Board of Directors and Officers of  
Association of State and Territorial Chronic Disease Program Directors  
d/b/a The National Association of Chronic Disease Directors

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 Association of State and Territorial Chronic Disease Program Directors d/b/a The National Association of Chronic Disease Directors ("NACDD") (a nonprofit organization), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 23, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered NACDD'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 NACDD's internal control. Accordingly, we do not express an opinion on the effectiveness of NACDD'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 NACDD'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Fulton & Kyck, LLC*

Morrow, Georgia  
June 23, 2023

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors and Officers of  
Association of State and Territorial Chronic Disease Program Directors  
d/b/a The National Association of Chronic Disease Directors

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

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

We have audited Association of State and Territorial Chronic Disease Program Directors d/b/a The National Association of Chronic Disease Directors' ("NACDD") 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 NACDD's major federal programs for the year ended September 30, 2022. NACDD's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, NACDD 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 September 30, 2022.

***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 NACDD 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 NACDD'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, regulations, rules, and provisions of contracts or grant agreements applicable to NACDD's federal programs.

***Auditor's 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 NACDD'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 NACDD'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 NACDD'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 NACDD'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 NACDD'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.

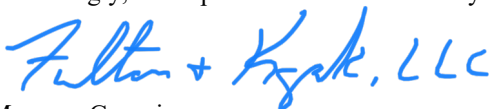
### **Report on Internal Control over Compliance**

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Morrow, Georgia  
June 23, 2023

ASSOCIATION OF STATE AND TERRITORIAL CHRONIC DISEASE PROGRAM DIRECTORS  
D/B/A THE NATIONAL ASSOCIATION OF CHRONIC DISEASE DIRECTORS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SEPTEMBER 30, 2022

**Financial Statements**

Type of auditor’s report issued: **Unmodified**

Internal control over financial reporting:

	Yes	No	None Reported
• Material weakness(es) identified?		X	
• Significant deficiencies identified that are not considered to be material weaknesses?			X
Noncompliance material to financial statements noted?		X	

**Federal Awards**

Internal control over major programs:

• Material weakness(es) identified?		X	
• Significant deficiencies identified that are not considered to be material weaknesses?			X

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 2 CFR section 200.516(a) of the Uniform Guidance?

	X	
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ASSOCIATION OF STATE AND TERRITORIAL CHRONIC DISEASE PROGRAM DIRECTORS  
D/B/A THE NATIONAL ASSOCIATION OF CHRONIC DISEASE DIRECTORS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SEPTEMBER 30, 2022

**Identification of Major Programs:**

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.421	Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nations Health
93.809	National Organizations for Chronic Disease Prevention and Health Promotion

Dollar threshold used to distinguish between type A and type B programs:

\$1,329,217

Yes
No

Auditee qualified as low-risk auditee?

X

**Section II – Financial Statement Findings**

No matters were reported.

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

No matters were reported.