

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

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

FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

With Independent Auditor's Report Thereon

THE NATIONAL ASSOCIATION OF CHRONIC DISEASE DIRECTORS
SEPTEMBER 30, 2023 AND 2022

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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, 2023 and 2022, 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, 2023 and 2022, 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 25, 2024 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 25, 2024

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, 2023 AND 2022

ASSETS		
	2023	2022
Current assets		
Cash	\$ 6,153,445	\$ 434,037
Investments	1,276,561	1,121,117
Grants receivable	792,860	4,321,139
Other receivable	561,600	500,187
Other current assets	487,688	101,054
Total current assets	9,272,154	6,477,534
Furniture and equipment, net	67,296	84,120
Total assets	\$ 9,339,450	\$ 6,561,654
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 5,552,578	\$ 3,482,088
Refundable advance	380,644	-
Other current liabilities	55,619	103,766
Total liabilities	5,988,841	3,585,854
Net assets		
Without donor restrictions	3,143,074	2,690,354
With donor restrictions	207,535	285,446
Total net assets	3,350,609	2,975,800
Total liabilities and net assets	\$ 9,339,450	\$ 6,561,654

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, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains and other support			
Grant revenue	\$ -	\$ 49,422,884	\$ 49,422,884
Other grants and contributions	306,296	1,102,058	1,408,354
Investment income	155,444	-	155,444
Member dues	147,500	-	147,500
Other revenue	<u>42</u>	<u>-</u>	<u>42</u>
Revenue, gains and other support	609,282	50,524,942	51,134,224
 Net assets released from restrictions	<u>50,602,853</u>	<u>(50,602,853)</u>	<u>-</u>
 Total revenue, gains and other support	<u>51,212,135</u>	<u>(77,911)</u>	<u>51,134,224</u>
 Expenses			
<i>Program activities:</i>			
Prevention	20,888,232	-	20,888,232
Public Awareness and Health Promotion	13,992,916	-	13,992,916
Professional Education and Training	<u>7,132,340</u>	<u>-</u>	<u>7,132,340</u>
Total program activities	42,013,488	-	42,013,488
<i>Supporting services:</i>			
Management and General	8,745,927	-	8,745,927
Fundraising	<u>-</u>	<u>-</u>	<u>-</u>
Total supporting services	<u>8,745,927</u>	<u>-</u>	<u>8,745,927</u>
 Total expenses	<u>50,759,415</u>	<u>-</u>	<u>50,759,415</u>
 Change in net assets	452,720	(77,911)	374,809
 Net assets at beginning of year	<u>2,690,354</u>	<u>285,446</u>	<u>2,975,800</u>
 Net assets at end of year	<u>\$ 3,143,074</u>	<u>\$ 207,535</u>	<u>\$ 3,350,609</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, 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
Investment loss	(279,863)	-	(279,863)
Member dues	156,000	-	156,000
Other revenue	2,276	-	2,276
Conference and meetings	<u>24,500</u>	<u>-</u>	<u>24,500</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>	<u>-</u>
Total revenue, losses 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>-</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 FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Program Activities						Total
	Prevention	Public Awareness and Health Promotion	Professional Education and Training	Total	Management and General	Fundraising	
Program expenses	\$ 19,991,328	\$ 12,770,040	\$ 4,318,384	\$ 37,079,752	\$ 912,498	\$ -	\$ 37,992,250
Personnel cost	354,099	1,001,633	1,749,920	3,105,652	4,835,347	-	7,940,999
Travel	414,929	143,600	817,838	1,376,367	1,077,865	-	2,454,232
Meetings and conferences	79,499	54,894	201,240	335,633	331,792	-	667,425
Noncapitalizable equipment	204	5,000	21,810	27,014	518,418	-	545,432
Depreciation, financing and other	772	16,540	4,616	21,928	492,903	-	514,831
Occupancy	5,363	-	-	5,363	281,254	-	286,617
Materials, services and consumables	42,038	1,209	18,532	61,779	133,248	-	195,027
Professional services	-	-	-	-	162,602	-	162,602
Total expenses	<u>\$ 20,888,232</u>	<u>\$ 13,992,916</u>	<u>\$ 7,132,340</u>	<u>\$ 42,013,488</u>	<u>\$ 8,745,927</u>	<u>\$ -</u>	<u>\$ 50,759,415</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
Depreciation, financing and other	205	-	-	205	195,060	-	195,265
Occupancy	-	4,592	820	5,412	318,327	-	323,739
Materials, services and consumables	16,541	23,012	23,562	63,115	181,217	-	244,332
Professional services	16,492	9,888	11,997	38,377	285,114	-	323,491
Advocacy	-	-	-	-	210,000	-	210,000
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
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 374,809	\$ 525,159
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	16,824	16,824
Unrealized/Realized (gain) loss on investments	(139,557)	295,641
Decrease (Increase) in government grants	3,528,279	(3,890,262)
Increase in other receivables	(61,413)	(137,051)
(Increase) Decrease in other assets	(386,634)	46,684
Increase in accounts payable and accrued expenses	2,070,490	2,410,439
Increase in refundable advance	380,644	-
Decrease in other liabilities	(48,147)	(227,486)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	5,735,295	(960,052)
NET CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(584,693)	(654,687)
Sale of investments	568,806	638,908
NET CASH USED IN INVESTING ACTIVITIES	(15,887)	(15,779)
NET CHANGE IN CASH	5,719,408	(975,831)
CASH AT THE BEGINNING OF THE YEARS	434,037	1,409,868
CASH AT THE END OF THE YEARS	\$ 6,153,445	\$ 434,037

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, 2023 AND 2022

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, 2023 and 2022:

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, 2023 and 2022.

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 refundable advance. For the years ended September 30, 2023 and 2022, the refundable advance from grants was \$380,644 and \$0, respectively.

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, 2023 and 2022, 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 96% in 2023 and 94% in 2022.

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, 2023 and 2022, NACDD’s expenses were allocated to these two areas as follows:

	2023		2022	
	Amount	%	Amount	%
Program activities	\$ 42,013,488	83%	\$ 39,210,565	87%
Support services	<u>8,745,927</u>	<u>17%</u>	<u>5,973,480</u>	<u>13%</u>
Total	<u>\$ 50,759,415</u>	<u>100%</u>	<u>\$ 45,184,045</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 2020.

Reclassifications

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

Subsequent Events

Subsequent events have been evaluated through June 25, 2024, 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.

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 \$1,276,561 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, 2023, are as follows:

Financial assets:	
Cash	\$ 6,153,445
Investments	1,276,561
Grants receivable	792,860
Other receivables	<u>561,600</u>
Total financial assets	8,784,466
Less amounts not available to be used within one year:	
Board Designated Operating Reserve	1,276,561
Net assets with donor restrictions	207,535
Refundable advance with grant restrictions	<u>380,644</u>
	<u>1,864,740</u>
Total financial assets available for general expenditures within one year	<u>\$ 6,919,726</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, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Short term Reserves and Cash	\$ 29,778	\$ 25,921
Equity Funds	884,850	763,727
Fixed Income Funds	<u>361,933</u>	<u>331,469</u>
	<u>\$ 1,276,561</u>	<u>\$ 1,121,117</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, 2023:

	Level 1	Level 2	Level 3	Total
Short term reserves and cash	\$ 29,778	\$ -	\$ -	\$ 29,778
Equity funds	884,850	-	-	884,850
Fixed income funds	<u>361,933</u>	<u>-</u>	<u>-</u>	<u>361,933</u>
	<u>\$ 1,276,561</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,276,561</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, 2022:

	Level 1	Level 2	Level 3	Total
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>

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, 2023 and 2022:

	2023	2022
Furniture, equipment, & software	\$ 161,768	\$ 161,768
Leasehold improvement	35,617	35,617
Total fixed assets	197,385	197,385
Less: accumulated depreciation	(130,089)	(113,265)
Furniture and equipment, net	\$ 67,296	\$ 84,120

7. NET ASSETS

Net assets as of September 30, 2023 and 2022 consist of funds for the following:

	2023		2022	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
	\$	\$	\$	\$
Available for operations	1,866,513	-	\$1,569,237	-
Board designated operating reserve	1,276,561	-	1,121,117	-
Georgia Dept. of Health	-	70,657	-	9,947
Hawaii Dept. of Health	-	70,217	-	42,500
National Hypertension Control Roundtable	-	64,000	-	84,623
Michigan WAI/WVA Hybrid Model	-	50,922	-	-
Arkansas Dept. of Health	-	23,610	-	(26,390)
Florida Dept. of Health	-	18,211	-	11,711
Florida Dept. of Health Clinic	-	15,223	-	15,222
Lupus Education - ACR#2	-	15,122	-	12,124
Vermont Health Equity Technical Assistance	-	13,356	-	-
Community eConnect - Delaware	-	7,487	-	7,487
PHPA - Cost of Diabetes in the Workplace	-	5,193	-	5,193
Rhode Island DOH Strategy Meeting	-	5,149	-	-
Community eConnect - Nevada	-	4,432	-	2,533
Community eConnect – Texas	-	2,600	-	2,600
North Dakota Health Equity	-	2,309	-	2,309
Lupus Foundation of America	-	1,874	-	4,561
North Dakota Oral Health Grant	-	622	-	622
Georgia Dept of Hlth Equity Training	-	614	-	614
SC Dept. of Health and Environ. Control	-	500	-	500
Screen Vision/Connecticut	-	450	-	450
Beyond COVID - Saint James Hospital	-	-	-	1,500
Maryland Walkability Virtual Academy	-	(200)	-	5,800
Community eConnect – Missouri	-	(1,157)	-	(1,176)
Population Health-Anti-Racism Virtual Train.	-	(10,436)	-	(10,436)
Screen Vision/Minnesota	-	(44,898)	-	-
Screen Vision/Missouri	-	(50,000)	-	-
BAA TextHealth	-	(58,322)	-	113,152
Total net assets	\$ 3,143,074	\$ 207,535	\$ 2,690,354	\$ 285,446

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

7. NET ASSETS - continued

Net assets with donor restrictions released from restrictions were as follows for the years ended of September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Federal Programs	\$ 49,422,884	\$ 44,376,220
BAA TextHealth	356,316	200,409
Arkansas Dept. of Health	307,780	76,390
Georgia Dept. of Health	94,100	63,508
Screen Vision/Missouri	88,796	-
Michigan WAI/WVA Hybrid Model	72,032	-
National Hypertension Control Roundtable	61,511	109,259
Hawaii Dept. of Health	48,283	-
Screen Vision/Minnesota	44,898	-
Community eConnect - Nevada	43,421	55,692
Rhode Island DOH Strategy Meeting	29,949	-
Community eConnect – Missouri	7,246	32,153
Lupus Foundation of America	6,556	15,091
Lupus Education - ACR#2	6,377	52,982
Maryland Walkability Virtual Academy	6,000	2,000
Vermont Health Equity Technical Assistance	5,204	-
Beyond COVID - Saint James Hospital	1,500	-
Screen Vision/Florida	-	326,392
Screen Vision/Tennessee	-	150,000
Florida Dept. of Health	-	48,692
Screen Vision/Washington St	-	30,000
Population Health-Anti-Racism Virtual Training	-	10,436
PHPA - Cost of Diabetes in the Workplace	-	3,301
North Dakota Health Equity	-	1,701
Beyond Covids, St. Marys Hospital	-	(14,500)
Total net assets released from restriction	<u>\$ 50,602,853</u>	<u>\$ 45,539,726</u>

8. 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, 2023. As of September 30, 2023, NACDD held funds of \$6,707,459 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.

9. 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 \$224,781 and \$198,039 for the years ended September 30, 2023 and 2022, 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

10. LEASE COMMITMENTS

As of September 30, 2023, NACDD leases office space under a non-cancellable month-to-month operating lease with Task Force for Global Health. Total rent expense is \$148,624 and \$155,659, for each of the fiscal years ended September 30, 2023 and 2022, respectively.

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, 2023

Federal Grantor		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 –				
Department of Health and Human Services				
<i>Direct Federal</i>				
Scaling the National Diabetes Prevention Program	NU58DP006363	93.261	\$ _____ -	\$ _____ 1,867,529
<i>Direct Federal</i>				
Preventative Health and Health Services	NU38OT000286	93.421	-	40,780,026
COVID-19 Messaging for Chronic Disease Directors	NU38OT000286	93.421	_____ -	_____ 315,954
Total Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nations Health			_____ -	_____ 41,095,980
<i>Direct Federal</i>				
Partner Actions to Improve Oral Health Outcomes	NU58DP006574	93.446	_____ -	_____ 207,892
<i>Direct Federal</i>				
National Organizations for Chronic Disease Prevention and Health Promotion	NU58DP006510	93.809	-	4,780,049
<i>Direct Federal</i>				
National Collaboration to Support Health, Wellness and Academic Success of School-Age Children	NU58DP007096	93.858	_____ -	_____ 434,210
<i>Direct Federal</i>				
Advancing Arthritis	NU58DP006979	93.945	-	284,210
Advancing Arthritis – Component 2	NU58DP006982	93.945	_____ -	_____ 516,510
Total Assistance Programs for Chronic Disease Prevention and Control			_____ -	_____ 800,720
Total Department of Health and Human Services			_____ -	_____ 49,186,380
Corporation for National and Community Services				
<i>Direct Federal</i>				
AmeriCorps State and National	22NDHGA003	94.006	_____ -	_____ 244,092
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ _____ -</u>	<u>\$ _____ 49,430,472</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, 2023

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, 2023. 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, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 25, 2024.

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 the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be significant deficiencies.

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.



Morrow, Georgia
June 25, 2024

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, 2023. 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, 2023.

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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance related to a nonmajor grant which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2023-002. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on NACDD's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. NACDD's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-002 to be material weaknesses.

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.

Government Auditing Standards requires the auditor to perform limited procedures on NACDD's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. NACDD's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 25, 2024

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, 2023

Financial Statements:

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

Internal control over financial reporting:

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

Federal Awards:

Internal control over major programs:

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

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?

<u> X </u>	<u> </u>
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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

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

\$1,482,914

Auditee qualified as low-risk auditee?	<u> Yes </u>	<u> No </u>
	<u> X </u>	

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 - Continued

Section II – Financial Statement Findings

Finding 2023-001: Financial Reporting

Type:	Significant Deficiency - Internal Control over Financial Reporting
Questioned Costs:	None
Repeat Finding:	No
Criteria:	According to the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework, an effective system of internal controls over financial reporting should ensure that financial statements are accurate and free of material misstatements. Internal controls should include procedures for timely and accurate recording of transactions and reconciliation of accounts.
Condition:	During the audit, we identified the need to post two audit entries and seven post-closing entries. These entries were necessary to write off old receivables, adjust liabilities, and reclassify balance sheet items to ensure the financial statements were accurate.
Cause:	NACDD has experienced significant employee turnover in its financial department, and despite their ongoing efforts, is still recovering from errors made by prior personnel. The need for these adjustments indicates deficiencies in the organization's internal control processes over financial reporting. Specifically, the organization lacks effective procedures for reviewing and reconciling accounts on a timely basis and ensuring that all necessary adjustments are recorded before the financial statements are finalized.
Effect:	The deficiencies in internal controls could lead to material misstatements in the financial statements if not corrected. The need for multiple post-closing entries suggests that the organization's financial reporting processes are not adequately capturing all necessary adjustments during the normal course of business.
Recommendation:	We recommend that the organization strengthen its internal controls over financial reporting by implementing the following measures: <ul style="list-style-type: none">• Develop and implement procedures for the timely review and reconciliation of accounts.• Ensure that all necessary adjustments are identified and recorded before the financial statements are finalized.• Provide additional training to accounting personnel on proper financial reporting and reconciliation procedures.• Regularly review and update internal control procedures to ensure they remain effective and in line with best practices
Views of Responsible Officials Corrective Actions:	Management agrees with this finding. Please refer to the Corrective Action Plan.

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 - Continued

Section III – Federal Award Findings and Questioned Costs

Finding 2023-002: Overdrawn Federal Funding

Compliance Requirement: Allowable Costs/Costs Principles and Cash Management

Type: Material Noncompliance and Material Weakness over Internal Control

Federal Agency: U.S. Department of Health and Human Services

AL Numbers and Titles: 93.809 – National Center for Chronic Disease Prevention and Health Promotion

Federal Award Number: NU58DP006510

Questioned Costs: \$380,644

Repeat Finding: No

Criteria: NACDD requests funds from the U.S. Department of Health and Human Services under the advance payment method. In accordance with 45 CFR 74.22, cash advances to a recipient organization shall be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the recipient organization in carrying out the purpose of the approved program or project. The timing and amount of cash advances shall be as close as is administratively feasible to the actual disbursements by the recipient organization for direct program or project costs and the proportionate share of any allowable indirect costs.

According to 2 CFR §200.403 - §200.405 (Allowable Costs/Cost Principles), costs must be necessary, reasonable, and allocable to the federal award.

Additionally, Section 200.303 of the Uniform Guidance indicates that the nonfederal entity must establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. The Uniform Guidance also indicates that these internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” (Green Book) issued by the Comptroller General of the United States or the “Internal Control Integrated Framework,” issued by COSO. The Office of Management and Budget (OMB) has clarified that the references to the Green Book and COSO were only provided as best practices and not requirements.

Condition: During our testing, we identified duplicated federal award expenditures amounting to \$380,644, resulting in overdrawn federal funds by \$380,644. The excess cash on hand was not returned to the funding source in a timely manner.

Cause: This issue occurred due to inadequate controls over the recording of expenses and the drawdown of federal funds.

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 - Continued

Section III – Federal Award Findings and Questioned Costs – continued

Finding 2023-002: Overdrawn Federal Funding - continued

Effect: NACDD is not in compliance with federal regulations concerning allowable costs, disbursement of federal funds and excess cash. In addition, a lack of adequate controls over allowable costs and cash management could result in a reasonable possibility that NACDD would not detect errors in the normal course of performing duties and correct them in a timely manner.

Recommendation: We recommend that management conduct regular reconciliations of grant expenses to identify and correct duplicate entries promptly and review cash management practices to prevent overdraws on federal funds.

**Views of Responsible
Officials Corrective**

Actions: Management agrees with this finding. Please refer to the Corrective Action Plan.

The National Association of Chronic Disease Directors, Inc.
Corrective Action Plan
Year Ended September 30, 2023

Finding 2023-001: Financial Reporting

Condition

The auditors identified the need to post two audit entries and seven post-closing entries. These entries were necessary to write off old receivables, adjust liabilities, and reclassify balance sheet items to ensure the financial statements were accurate.

Correction action

NACDD has experienced drastic change in size over the past 3-4 years. Current policies and procedures have not been adequate for the size and volume of the transactions experienced in FY 23. In addition, there has been significant finance/accounting staff turnover including leadership of the Finance team.

- The impact of this deficiency was mostly isolated from certain schedules prepared for the auditors which included a “prepared by client” proposed adjustment. These issues were identified by the client and a corrective action was supplied to the auditor.
- Corrective action: Since the end of the FY 23 fiscal year, the finance department has been fully staffed with knowledgeable accounting professionals, many who have financial federal grant experience. A reorganization of the department was approved and facilitated by NACDD executive leadership which has provided greater efficiency in month end close, timely analysis of accounts, greater oversight, and review controls, and documented cross training of critical tasks.
- Implementation of corrective measures: The above expanded procedures and oversight have been in effect for most of the FY 24 fiscal year and has resulted in accurate timely reporting to program staff on budget status. Monthly reconciliation of balance sheet accounts is prepared as of the 5th of the following month.
- Additional over-arching controls – The Finance team will execute an interim audit process in-house as of 6.30.24 and every year going forward to further identify errors and irregularities that may exist. If necessary, additional policies and procedures will be implemented to provide greater scope and assurance in preventing financial reporting errors. This process includes on-going training for the Finance staff.

Responsible Person

Trish H. Strong, CFO

Anticipated completion date

June 30, 2024

Finding 2023-002: Overdrawn Federal Funding

Condition

The auditors identified duplicated federal award expenditures amounting to \$380,644, resulting in overdrawn federal funds by \$380,644. The excess cash on hand was not returned to the funding source in a timely manner.

Correction action

NACDD has experienced drastic change in size over the past 3-4 years. Current policies and procedures have not been adequate for the size and volume of the transactions experienced in FY 23. In addition, there has been significant finance/accounting staff turnover including leadership of the Finance team.

- The impact of this deficiency was isolated to one cooperative agreement which closed out as of 9.30.23. NACDD performed efficient and effective subsequent disbursement procedures after year end to ensure that expenses for this grant and others were recorded in the appropriate fiscal year. In the process of preparing the FFR and researching further additional expenditures related to this grant, expenses included in the initial subsequent disbursement adjustments, related to this grant were duplicated.
- The Correction action plan includes previously implemented augmentation of the Finance staff. Since the end of the FY 23 fiscal year, the finance department has been fully staffed with knowledgeable accounting professionals, many who have financial federal grant experience. There is now a financial analyst on staff whose main responsibility is to reconcile and record federal grant expenditures and receivables. This process is done monthly. We believe that this additional procedure will eliminate the recurrence of this and any other like issues. Procedures related to the weekly PMS drawdown have been expanded to include reconciling the accounts receivable by grant with the PMS accounts to allow only amounts listed in PMS which are supported with appropriate expenditures to be drawn.
- Implementation of corrective measures: The above expanded procedures and oversight have been in effect for most of the FY 24 fiscal year. PMS drawdowns are now done weekly with worksheets that tie in detail to the weekly expenditures. In addition, a control checklist will be created and utilized by the Finance staff leadership to monitor and document the successful implementation of corrective measures.
- Additional over-arching controls – The Finance team will execute an interim audit process in-house as of 6.30.24 and every year going forward to further identify errors and irregularities that may exist. If necessary, additional policies and procedures will be implemented to provide greater scope and assurance in preventing financial reporting errors.

Responsible Person

Trish H. Strong, CFO

Anticipated completion date

June 30, 2024