

NATIONAL COALITION OF STD DIRECTORS

**Financial Statements Together with
Reports of Independent Public Accountants**

For the Years Ended September 30, 2016 and 2015



SB & COMPANY, LLC
KNOWLEDGE • QUALITY • CLIENT SERVICE

SEPTEMBER 30, 2016 AND 2015

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

Board of Directors
National Coalition of STD Directors

Report on the Financial Statements

We have audited the accompanying statements of financial position of the National Coalition of STD Directors (NCSA), as of September 30, 2016 and 2015, the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NCSD as of September 30, 2016 and 2015, 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying schedule of expenditures of Federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic 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 May June 9, 2017 on our consideration of NCSD's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NCSD's internal control over financial reporting and compliance.

Washington, DC
June 9, 2017

A handwritten signature in black ink that reads "SB & Company, LLC". The signature is written in a cursive, flowing style.

NATIONAL COALITION OF STD DIRECTORS

Statements of Financial Position As of September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and cash equivalents	\$ 1,402,255	\$ 1,514,772
Accounts receivable	159,377	129,955
Prepaid expenses and other assets	20,253	19,967
Property and equipment, net	6,310	9,920
Deposits	6,699	6,699
Total Assets	<u>\$ 1,594,894</u>	<u>\$ 1,681,313</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 139,508	\$ 118,242
Deferred revenue	139,151	280,547
Deferred rent	4,552	8,740
Total Liabilities	<u>283,211</u>	<u>407,529</u>
Net Assets		
Unrestricted	1,094,329	907,536
Temporarily restricted	217,354	366,248
Total Net Assets	<u>1,311,683</u>	<u>1,273,784</u>
Total Liabilities and Net Assets	<u>\$ 1,594,894</u>	<u>\$ 1,681,313</u>

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

NATIONAL COALITION OF STD DIRECTORS

Statements of Activities and Changes in Net Assets For the Years Ended September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
CHANGE IN UNRESTRICTED NET ASSETS		
Revenue and Other Support		
Federal grants	\$ 1,185,955	\$ 1,202,094
Membership dues	129,825	141,169
Contract revenue	29,818	19,459
Meeting income	186,820	72,656
Corporate contributions	139,481	190,769
Other income	26,912	36,832
Net assets released from restrictions	223,894	20,699
Total Revenue and Other Support	<u>1,922,705</u>	<u>1,683,678</u>
Expenses		
Program services:		
NNECS	741,710	653,106
Capacity Building Assistance	201,519	265,548
Annual Meeting	161,598	121,901
MAC AIDS	80,917	59,421
Gilead	105,706	-
Other Programs	77,756	80,336
Total program services	<u>1,369,206</u>	<u>1,180,312</u>
General & administrative	341,253	254,260
Fundraising	25,453	20,675
Total Expenses	<u>1,735,912</u>	<u>1,455,247</u>
Change in Unrestricted Net Assets	<u>186,793</u>	<u>228,431</u>
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS		
Contributions	75,000	366,248
Satisfaction of restrictions	(223,894)	(20,699)
Change in Temporarily Restricted Net Assets	<u>(148,894)</u>	<u>345,549</u>
Changes in net assets	37,899	573,980
Net assets, beginning of year	1,273,784	699,804
Net Assets, End of Year	<u>\$ 1,311,683</u>	<u>\$ 1,273,784</u>

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

NATIONAL COALITION OF STD DIRECTORS

Statement of Functional Expenses For the Year Ended September 30, 2016, with Comparative Totals for 2015

	2016									
	Program Services									
	NNECS	Capacity Building Assistance	Annual Meeting	MAC AIDS	Gilead	Other Programs	General & Administrative	Fundraising	Total	2015
Salaries, wages and benefits	\$ 436,275	\$ 149,517	\$ -	\$ 65,719	\$ 30,018	\$ 31,807	\$ 132,302	\$ 18,568	\$ 864,206	\$ 794,706
Consultants	65,597	12,509	-	-	64,093	1,500	28,508	-	172,207	158,602
Meeting facilities	50,306	-	129,404	-	-	12,215	15,866	-	207,791	157,658
Occupancy	54,410	18,647	-	8,196	3,369	3,967	13,184	2,316	104,089	101,491
Professional fees	8,286	2,839	-	1,248	513	604	88,772	353	102,615	28,816
Travel	97,957	9,800	17,914	4,018	5,987	26,507	17,514	3,864	183,561	83,839
Equipment costs and supplies	4,117	719	-	316	130	153	5,931	89	11,455	10,060
Telephone and communications	6,256	2,602	-	749	308	463	5,942	212	16,532	27,197
Office supplies	1,662	239	3,224	172	43	50	4,016	30	9,436	7,885
Reproduction	1,992	-	5,631	-	-	350	7,358	-	15,331	41,006
Miscellaneous	694	1,061	4,891	85	4	104	11,489	3	18,331	12,787
Insurance	-	-	-	-	-	-	8,386	-	8,386	9,439
Postage	4,629	104	139	40	432	12	406	4	5,766	7,878
Dues and subscriptions	9,529	3,482	395	374	809	24	1,579	14	16,206	13,883
Total	\$ 741,710	\$ 201,519	\$ 161,598	\$ 80,917	\$ 105,706	\$ 77,756	\$ 341,253	\$ 25,453	\$ 1,735,912	\$ 1,455,247

The accompanying notes are an integral part of this financial statement.

NATIONAL COALITION OF STD DIRECTORS

**Statement of Functional Expenses
For the Year Ended September 30, 2015**

	<u>Program Services</u>								
	<u>NNECS</u>	<u>Capacity Building Assistance</u>	<u>Annual Meeting</u>	<u>MAC AIDS</u>	<u>Gilead</u>	<u>Other Programs</u>	<u>General & Administ- rative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries, wages and benefits	\$ 398,072	\$ 167,518	\$ -	\$ 21,957	\$ -	\$ 50,555	\$ 141,035	\$ 15,569	\$ 794,706
Consultants	87,011	23,183	-	-	-	876	47,532	-	158,602
Meeting facilities	22,043	-	100,985	17,500	-	7,570	9,560	-	157,658
Occupancy	50,607	21,296	-	2,791	-	6,426	18,392	1,979	101,491
Professional fees	10,870	4,574	-	600	-	1,381	10,966	425	28,816
Travel	40,755	14,651	6,589	15,642	-	2,396	1,786	2,020	83,839
Equipment costs and supplies	2,097	1,096	-	116	-	267	6,402	82	10,060
Telephone and communications	8,866	12,654	-	408	-	2,294	2,686	289	27,197
Office supplies	1,774	1,937	3,681	47	-	107	306	33	7,885
Reproduction	12,309	15,391	3,009	72	-	7,925	2,269	31	41,006
Miscellaneous	1,416	-	7,637	-	-	-	3,503	231	12,787
Insurance	166	70	-	9	-	21	9,167	6	9,439
Postage	7,330	122	-	196	-	26	196	8	7,878
Dues and subscriptions	9,790	3,056	-	83	-	492	460	2	13,883
Total	<u>\$ 653,106</u>	<u>\$ 265,548</u>	<u>\$ 121,901</u>	<u>\$ 59,421</u>	<u>\$ -</u>	<u>\$ 80,336</u>	<u>\$ 254,260</u>	<u>\$ 20,675</u>	<u>\$ 1,455,247</u>

The accompanying notes are an integral part of this financial statement.

NATIONAL COALITION OF STD DIRECTORS

Statements of Cash Flows For the Years Ended September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ 37,899	\$ 573,980
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Depreciation	5,423	5,853
Effect from changes in non-cash operating assets and liabilities:		
Accounts receivable	(29,422)	(17,239)
Prepaid expenses and other assets	(286)	(174)
Accounts payable and accrued expenses	21,266	(13,527)
Deferred revenue	(141,396)	179,240
Deferred rent	(4,188)	(1,726)
Net Cash from Operating Activities	<u>(110,704)</u>	<u>726,407</u>
Cash Flows from Investing Activities		
Purchases of property and equipment	<u>(1,813)</u>	<u>(2,964)</u>
Net change in cash and cash equivalents	(112,517)	723,443
Cash and cash equivalents, beginning of year	<u>1,514,772</u>	<u>791,329</u>
Cash and cash equivalents, End of Year	<u><u>\$ 1,402,255</u></u>	<u><u>\$ 1,514,772</u></u>

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

NATIONAL COALITION OF STD DIRECTORS

Notes to the Financial Statements September 30, 2016 and 2015

1. BACKGROUND OF THE ORGANIZATION

National Coalition of STD Directors (NCS D) is a District of Columbia not-for-profit organization. The purpose of NCS D is to create a full partnership among sexually transmitted disease (STD) project areas directly funded by the Centers for Disease Control and Prevention, state and local public health agencies, the Federal government, and private agencies to effectively prevent and control STDs in the United States of America and its territories; to provide a forum for technical assistance for, and dissemination of information about effective STD prevention and control programs among members of NCS D; to network or affiliate with appropriate organizations working toward comparable goals; and to promote adequate and efficient allocation of resources to the prevention and control of STDs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments with original maturities of 90 days or less when purchased. Cash equivalents as of September 30, 2016 and 2015, consisted of money market funds.

Accounts Receivable

Accounts receivable represent amounts due from grants and contracts and are reported at their net realizable value. The allowance for doubtful accounts is based on specific identification of uncollectible accounts and NCS D's historical collection experience. As of September 30, 2016 and 2015, management believes all accounts receivable are fully collectible; thus, no allowance for doubtful accounts was recorded.

NATIONAL COALITION OF STD DIRECTORS

Notes to the Financial Statements September 30, 2016 and 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Property and equipment purchases over \$1,000, with a useful life of over one year, are capitalized at cost. Depreciation is recognized using the straight-line method over the estimated useful life of the assets ranging from three to five years.

Deferred Revenue

Deferred revenue represents conditional grant funds received in advance of incurring the grant expenses and sponsorships paid in advance of the annual meeting.

Net Assets

Unrestricted net assets are assets and contributions that are not restricted by donors or for which restrictions have expired.

Temporarily restricted net assets are those whose use by NCS D has been restricted by donors primarily for a specific time period or purpose. When a donor restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets. If a donor restriction is met in the same reporting period in which the contribution is received, the contribution (to the extent that the restrictions have been met) is reported as unrestricted net assets.

Permanently restricted net assets are those that are restricted by donors to be maintained by NCS D in perpetuity. There were no permanently restricted net assets as of September 30, 2016 and 2015.

Restricted and Unrestricted Support and Revenue

Revenue from Federal and corporate grants are recognized as services are performed and the related costs are incurred.

Contributions received are recorded as unrestricted, temporarily or permanently restricted support, depending on the existence and/or nature of any donor imposed restrictions. Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction.

NATIONAL COALITION OF STD DIRECTORS

Notes to the Financial Statements September 30, 2016 and 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted and Unrestricted Support and Revenue (continued)

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when some stipulated time restriction ends or purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Revenue Recognition

Membership dues are recognized as revenue in the membership period to which the dues relate. Accordingly, dues paid by members in advance of the membership period are reported as deferred revenue in the accompanying statements of financial position.

Revenue and related costs of the annual conference are recognized in the year in which the conference is held. Accordingly, sponsorships paid by sponsors in advance of the conference year are reported as deferred revenue in the accompanying statements of financial position.

Unrestricted contributions and grants are reported as revenue in the year in which the payments are received and/or unconditional promises are made.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services that benefit from those costs. General and administrative expenses include those expenses that are not directly identified with any other specific function but provide for the overall support and direction of NCSD.

Income Taxes

NCSD is exempt from the payment of taxes on income other than net unrelated business income under Section 501(c)(3) of the Internal Revenue Code.

NATIONAL COALITION OF STD DIRECTORS

Notes to the Financial Statements September 30, 2016 and 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes (continued)

The provisions included in accounting principles generally accepted in the United States of America provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition of tax positions taken or expected to be taken in a tax return. NCSD performed an evaluation of uncertain tax positions as of September 30, 2016, and determined that there were no matters that would require recognition in the financial statements or which may have any effect on its tax-exempt status. As of September 30, 2016, the statute of limitations for fiscal years 2013 through 2016 remains open with the U.S. Federal jurisdiction or the various states and local jurisdictions in which NCSD files tax returns.

Reclassification

Certain amounts have reclassified from their 2015 presentation to conform to the 2016 presentation. This reclassification had no effect on the change in net assets.

Subsequent Events

NCSD's management has evaluated the accompanying financial statements for subsequent events and transactions through June 9, 2017, the date that these financial statements were available for issue, and has determined that no material subsequent events have occurred that would affect the information presented in the accompanying financial statements or require additional disclosure.

3. PROPERTY AND EQUIPMENT

Property and equipment as of September 30, 2016 and 2015, consisted of:

	2016	2015	Estimated Useful Life
Website	\$ 23,750	\$ 23,750	3 years
Computer and equipment	51,136	49,323	3 years
Office equipment	23,464	23,464	3-5 years
	98,350	96,537	
Less: accumulated depreciation	92,040	86,617	
Property and equipment, net	\$ 6,310	\$ 9,920	

Depreciation expense was \$5,423 and \$5,853, for the years ended September 30, 2016 and 2015, respectively.

NATIONAL COALITION OF STD DIRECTORS

Notes to the Financial Statements September 30, 2016 and 2015

4. COMMITMENTS AND CONTINGENCIES

Grants

Reimbursed costs under NCSD's government awards are subject to final determination of allowability by the government agency. Until such audits have been completed and final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that as of September 30, 2016 and 2015, no material liability will result from such audits.

Operating Leases and Capital Lease

NCSD leases office facilities and equipment under non-cancelable operating leases that expire through September 30, 2027.

As of September 30, 2016, future minimum lease payments under the operating leases due as follows:

<u>Years Ending September 30,</u>	<u>Amount</u>
2017	\$ 166,415
2018	136,193
2019	139,597
2020	143,087
2021	146,664
Thereafter	901,207
Total minimum lease payments	<u><u>\$ 1,633,163</u></u>

Rent expense was \$104,089 and \$101,491, for the years ended September 30, 2016 and 2015, respectively.

5. TEMPORARILY RESTRICTED NET ASSETS

NCSD had temporarily restricted net assets as of September 30, 2016 and 2015 that were provided for a specific purpose by the following grantors as shown below:

	<u>2016</u>	<u>2015</u>
MAC AIDS	\$ -	\$ 22,481
Merck	45,000	45,000
Gilead	172,354	298,767
Total Temporarily Restricted Net Assets	<u><u>\$ 217,354</u></u>	<u><u>\$ 366,248</u></u>

NATIONAL COALITION OF STD DIRECTORS

Notes to the Financial Statements September 30, 2016 and 2015

6. MAJOR SUPPORTER

During the years ended September 30, 2016 and 2015, approximately 62% and 71%, respectively, of NCSD's revenue was provided by one Federal government agency. As of September 30, 2016 and 2015, there was a receivable from this Federal agency of \$159,377 and \$117,030, respectively, which represents 100% and 79% of total receivables, respectively.

7. RETIREMENT PLAN

NCSD has a defined contribution 403(b) Plan (the Plan) covering all employees who have completed six months of service. Under the Plan, NCSD makes contributions to an investment company based on a percentage of the annual salary of covered employees. The employer contribution rate for the years ended September 30, 2016 and 2015, was 6% of each eligible participant's salary. Contributions to the Plan totaled \$41,254 and \$27,994, for the years ended September 30, 2016 and 2015, respectively.

SUPPLEMENTARY INFORMATION



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**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS 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***

Board of Directors
National Coalition of STD Directors

Report on the Financial Statements

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 National Coalition of STD Directors (NCSA), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise NCSA's financial statements, and have issued our report thereon dated June 9, 2017.

Internal Control over Financial Reporting

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

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

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



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Compliance and Other Matters

As part of obtaining reasonable assurance about whether NCSD's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of NCSD's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NCSD's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Washington, DC
June 9, 2017

A handwritten signature in black ink that reads "SB & Company, LLC". The signature is written in a cursive, flowing style.



S B & COMPANY, LLC
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**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Board of Directors
National Coalition of STD Directors

Report on Compliance for Each Major Federal Program

We have audited National Coalition of STD Directors' (NCSD) compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on NCSD's major federal program for the year ended September 30, 2016. NCSD's major federal program is identified in the summary of the independent public accountant's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of NCSD's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about NCSD's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major Federal program. However, our audit does not provide a legal determination of NCSD's compliance.



Opinion on Each Major Federal Program

In our opinion, NCSD complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2016.

Report on Internal Control Over Compliance

Management of NCSD is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered NCSD's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of NCSD's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Washington, DC
June 9, 2017

NATIONAL COALITION OF STD DIRECTORS

**Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2016**

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Passthrough Number</u>	<u>Federal Expenditures</u>
Department of Health and Human Services			
Centers for Disease Control and Prevention			
National Network to Enhance Capacity of State and Local Sexually Transmitted Disease Prevention Programs	93.977	5H25PS004283-02	\$ 895,623
Capacity Building Assist for State Health Agencies to Strengthen Agencies	93.079	5U87PS004223-02	247,710
National Alliance of State & Territorial AIDS Directors	93.939	5U65PS004390	16,901
Total Federal Expenditures			<u>\$ 1,160,234</u>

The accompanying notes are an integral part of this schedule.

NATIONAL COALITION OF STD DIRECTORS

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended September 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

All Federal grant operations of the National Coalition of STD Directors (NCS D) are included in the scope of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* (the Single Audit or Uniform Guidance). The Single Audit was performed in accordance with the provisions of the OMB Compliance Supplement (the Compliance Supplement). Compliance testing of all requirements, as described in the Compliance Supplement, was performed for the grant program noted below. This program represents Federal award programs for fiscal year 2016 cash and non-cash expenditures to ensure coverage of at least 20% of federally granted funds. Actual coverage is 77% of total cash and non-cash Federal award program expenditures.

Expenditures reported on the schedule of expenditures of federal awards (the Schedule) are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable in the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. NCS D has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

<u>Major Federal Award Program Description</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
Department of Health and Human Services		
Centers for Disease Control and Prevention		
National Network to Enhance Capacity of State and Local Sexually Transmitted Disease Prevention Programs	93.977	\$ 895,623

2. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards has been accounted for on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

NATIONAL COALITION OF STD DIRECTORS

**Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2016**

Section I - Summary of Independent Public Accountant's Results

Financial Statements

Type of Independent Public Accountant's Report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Noncompliance material to the financial statements?	No

Federal Awards

Type of Independent Public Accountant's Report issued	Unmodified
Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance:	No

<u>Major Federal Award Program Description</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
Department of Health and Human Services Centers for Disease Control and Prevention National Network to Enhance Capacity of State and Local Sexually Transmitted Disease Prevention Programs	93.977	\$ 895,623
Threshold for distinguishing between Type A and B programs		\$ 750,000
Did the NCSD qualify as a low risk auditee?		Yes

NATIONAL COALITION OF STD DIRECTORS

**Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2016**

Section II - Financial Statement Findings

None Noted.

Section III - Federal Award Findings

None Noted.

NATIONAL COALITION OF STD DIRECTORS

**Schedule of Prior Year Findings and Questioned Costs
For the Year Ended September 30, 2016**

There were no findings for the year ended September 30, 2015.