

**NATIONAL COALITION OF STD DIRECTORS**

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

**For the Years Ended September 30, 2017 and 2016**



**SB & COMPANY, LLC**  
KNOWLEDGE • QUALITY • CLIENT SERVICE

## **SEPTEMBER 30, 2017 AND 2016**

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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, 2017 and 2016, 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.



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, 2017 and 2016, 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 June 29, 2018 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 29, 2018

A handwritten signature in black ink that reads "SB &amp; Company, LLC".

# NATIONAL COALITION OF STD DIRECTORS

## Statements of Financial Position As of September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,769,775	\$ 1,402,255
Accounts receivable	82,279	159,377
Prepaid expenses and other assets	19,668	20,253
Property and equipment, net	65,489	6,310
Deposits	6,699	6,699
<b>Total Assets</b>	<b><u>\$ 1,943,910</u></b>	<b><u>\$ 1,594,894</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 309,777	\$ 139,508
Deferred revenue	168,339	139,151
Deferred rent	96,647	4,552
<b>Total Liabilities</b>	<b><u>574,763</u></b>	<b><u>283,211</u></b>
<b>Net Assets</b>		
Unrestricted	1,176,337	1,094,329
Temporarily restricted	192,810	217,354
<b>Total Net Assets</b>	<b><u>1,369,147</u></b>	<b><u>1,311,683</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 1,943,910</u></b>	<b><u>\$ 1,594,894</u></b>

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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>		
<b>Revenue and Other Support</b>		
Federal and corporate grants	\$ 1,971,193	\$ 1,185,955
Membership dues	121,005	129,825
Contract revenue	70,870	29,818
Meeting income	136,977	186,820
Corporate contributions	152,600	139,481
Other income	38,539	26,912
Net assets released from restrictions	45,000	223,894
<b>Total Revenue and Other Support</b>	<u>2,536,184</u>	<u>1,922,705</u>
<b>Expenses</b>		
Program services:		
NNECS	832,055	741,710
Capacity Building Assistance	477,021	201,519
Gilead	271,142	161,598
Annual Meeting	172,991	80,917
MAC Aids	63,479	105,706
Other Programs	135,066	77,756
<b>Total Program Services</b>	<u>1,951,754</u>	<u>1,369,206</u>
General & administrative	456,419	341,253
Fundraising	46,003	25,453
<b>Total Expenses</b>	<u>2,454,176</u>	<u>1,735,912</u>
<b>Change in Unrestricted Net Assets</b>	<u>82,008</u>	<u>186,793</u>
<b>CHANGE IN TEMPORARILY RESTRICTED NET ASSETS</b>		
Contributions	20,456	75,000
Satisfaction of restrictions	(45,000)	(223,894)
<b>Change in Temporarily Restricted Net Assets</b>	<u>(24,544)</u>	<u>(148,894)</u>
Changes in net assets	57,464	37,899
Net assets, beginning of year	1,311,683	1,273,784
<b>Net Assets, End of Year</b>	<u>\$ 1,369,147</u>	<u>\$ 1,311,683</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, 2017, with Comparative Totals for 2016

	2017									
	Program Services									2016
	NNECS	Capacity Building Assistance	Gilead	Annual Meeting	MAC Aids	Other Programs	General & Administrative	Fundraising	Total	2016
Salaries, wages and benefits	\$ 470,573	\$ 239,225	\$ 44,207	\$ -	\$ 47,846	\$ 62,369	\$ 124,010	\$ 18,321	\$ 1,006,551	\$ 864,206
Consultants	184,641	156,316	195,594	-	-	50,602	92,201	20,400	699,754	172,207
Meeting facilities	10,509	-	-	130,201	-	-	1,669	-	142,379	207,791
Occupancy	61,203	31,033	5,750	-	6,223	8,112	17,035	2,383	131,739	104,089
Professional fees	17,689	8,969	1,662	-	1,799	2,345	124,133	689	157,286	102,615
Travel	49,387	23,081	23,312	20,582	5,353	8,708	21,097	3,106	154,626	183,561
Equipment costs and supplies	1,290	2,582	113	-	121	159	9,942	46	14,253	11,455
Telephone and communications	1,418	3,507	6	-	6	28	14,982	2	19,949	16,532
Office supplies	1,341	264	-	3,436	-	-	4,943	-	9,984	9,436
Reproduction	21,735	6,940	49	6,394	1,792	-	5,191	-	42,101	15,331
Miscellaneous	4,845	317	27	11,128	182	2,476	14,279	1,056	34,310	18,331
Insurance	-	-	-	-	-	-	8,426	-	8,426	8,386
Postage	448	-	-	1,250	7	17	903	-	2,625	5,766
Dues and subscriptions	6,976	4,787	422	-	150	250	17,608	-	30,193	16,206
<b>Total</b>	<b>\$ 832,055</b>	<b>\$ 477,021</b>	<b>\$ 271,142</b>	<b>\$ 172,991</b>	<b>\$ 63,479</b>	<b>\$ 135,066</b>	<b>\$ 456,419</b>	<b>\$ 46,003</b>	<b>\$ 2,454,176</b>	<b>\$ 1,735,912</b>

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, 2016

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

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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>Cash Flows from Operating Activities</b>		
Changes in net assets	\$ 57,464	\$ 37,899
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Depreciation	7,008	5,423
Effect from changes in non-cash operating assets and liabilities:		
Accounts receivable	77,098	(29,422)
Prepaid expenses and other assets	585	(286)
Accounts payable and accrued expenses	170,269	21,266
Deferred revenue	29,188	(141,396)
Deferred rent	92,095	(4,188)
<b>Net Cash from Operating Activities</b>	<u>433,707</u>	<u>(110,704)</u>
 <b>Cash Flows from Investing Activities</b>		
Purchases of property and equipment	<u>(66,187)</u>	<u>(1,813)</u>
 Net change in cash and cash equivalents	367,520	(112,517)
Cash and cash equivalents, beginning of year	<u>1,402,255</u>	<u>1,514,772</u>
<b>Cash and cash equivalents, End of Year</b>	<u>\$ 1,769,775</u>	<u>\$ 1,402,255</u>

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

# **NATIONAL COALITION OF STD DIRECTORS**

## **Notes to the Financial Statements September 30, 2017 and 2016**

### **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, 2017 and 2016, 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, 2017 and 2016, 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, 2017 and 2016

### 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, membership fees received in advance, and sponsorships paid by sponsors in advance of the conference year.

#### **Deferred Rent**

Deferred rent represents the difference between the rent expense and the required lease payment. Deferred rent liability as of September 30, 2017 and 2016, was \$96,647 and \$4,552, respectively.

#### **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 NCSD 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 NCSD in perpetuity. There were no permanently restricted net assets as of September 30, 2017 and 2016.

#### **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, 2017 and 2016

### 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, 2017 and 2016

### 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, 2017, 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, 2017, the statute of limitations for fiscal years 2014 through 2017 remains open with the U.S. Federal jurisdiction or the various states and local jurisdictions in which NCSD files tax returns.

#### Recent Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* and ASU No. 2016-15, *Classification of Certain Cash Receipts and Cash Payments*, that provide updated guidance on the reporting model for not-for-profits and the statement of cash flows. These standards are effective for periods beginning after December 15, 2017 and December 15, 2018, respectively. Management is evaluating the effects of these pronouncements on the financial statements, and will implement these pronouncements by their effective dates. Management does not believe the adoption of these pronouncements will have a material effect on the financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, that creates a singular reporting model for leases. This standard will require the entity to record changes to its statement of financial position to reflect balances for current leases that are not shown in the statement of financial position. This standard will be effective for periods beginning after December 15, 2019. In September 2017, the FASB issued ASU No. 2017-13, *Revenue Recognition (Topic 605), Revenue from Contracts with Customers (Topic 606), Leases (Topic 840), and Leases (Topic 842)*, that provides clarification on certain topics related to these topics. These standards are effective when the related previous amended standards become effective. Management is evaluating the effects of these pronouncements on the financial statements, and will implement these pronouncements by their effective dates.

#### Subsequent Events

NCSD's management has evaluated the accompanying financial statements for subsequent events and transactions through June 29, 2018, 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.

# NATIONAL COALITION OF STD DIRECTORS

## Notes to the Financial Statements September 30, 2017 and 2016

### 3. PROPERTY AND EQUIPMENT

Property and equipment as of September 30, 2017 and 2016, consisted of:

	<u>2017</u>	<u>2016</u>	<u>Estimated Useful Life</u>
Website	\$ 23,750	\$ 23,750	3 years
Computer and equipment	52,961	51,136	3 years
Office equipment	87,826	23,464	3-5 years
	<u>164,537</u>	<u>98,350</u>	
Less: accumulated depreciation	99,048	92,040	
<b>Property and Equipment, Net</b>	<u><u>\$ 65,489</u></u>	<u><u>\$ 6,310</u></u>	

Depreciation expense was \$7,008 and \$5,423, for the years ended September 30, 2017 and 2016, respectively.

### 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, 2017 and 2016, no material liability will result from such audits.

#### Operating Leases

NCSD leases office facilities under non-cancelable operating leases. The lease commenced on February 1, 2017 and expires September 30, 2027. The lease provides for annual rent increases of 2.5% over the term of the lease.

As of September 30, 2017, future minimum lease payments under the operating leases due as follows:

<u>Years Ending September 30,</u>	<u>Amount</u>
2018	\$ 136,193
2019	139,597
2020	143,087
2021	146,664
2022	152,332
Thereafter	915,289
<b>Total Minimum Lease Payments</b>	<u><u>\$ 1,633,163</u></u>

## NATIONAL COALITION OF STD DIRECTORS

### Notes to the Financial Statements September 30, 2017 and 2016

#### 4. COMMITMENTS AND CONTINGENCIES (continued)

Rent expense was \$131,739 and \$104,089, for the years ended September 30, 2017 and 2016, respectively.

#### 5. TEMPORARILY RESTRICTED NET ASSETS

NCSD had temporarily restricted net assets as of September 30, 2017 and 2016 that were provided for a specific purpose by the following grantors as shown below:

	<u>2017</u>	<u>2016</u>
Merck	\$ -	\$ 45,000
Gilead	<b>192,810</b>	172,354
<b>Total Temporarily Restricted Net Assets</b>	<b><u>\$ 192,810</u></b>	<b><u>\$ 217,354</u></b>

#### 6. MAJOR SUPPORTER

During the years ended September 30, 2017 and 2016, approximately 64% and 62%, respectively, of NCSD's revenue was provided by one Federal government agency. As of September 30, 2017 and 2016, there was a receivable from this Federal agency of \$82,279 and \$159,377, respectively, which represents 100% 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, 2017 and 2016, was 6% of each eligible participant's salary. Contributions to the Plan totaled \$37,309 and \$41,254, for the years ended September 30, 2017 and 2016, 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), which comprise the statements of financial position as of September 30, 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements and have issued our report thereon dated June 29, 2018.

***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 29, 2018

*SB & Company, LLC*



**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, 2017. 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, 2017.

### **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 29, 2018

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

**NATIONAL COALITION OF STD DIRECTORS**

**Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2017**

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Passthrough Number</u>	<u>Federal Expenditures</u>	<u>Amount Passed through to Subrecipients</u>
<b>Department of Health and Human Services</b>				
Centers for Disease Control and Prevention				
National Network to Enhance Capacity of State and Local Sexually Transmitted Disease Prevention Programs	93.977	5H25PS004283-02	\$ 994,050	\$ -
Capacity Building Assist for State Health Agencies to Strengthen Agencies	93.079	5U87PS004223-02	579,771	-
National Alliance of State & Territorial AIDS Directors	93.939	5U65PS004390	34,383	-
<b>Total Federal Expenditures</b>			<u>\$ 1,608,204</u>	<u>\$ -</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, 2017

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

All Federal grant operations of the National Coalition of STD Directors (NCSD) are included in the scope of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, 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 2017, cash and non-cash expenditures to ensure coverage of at least 20% of Federally granted funds. Actual coverage is 62% of total cash and non-cash Federal award program expenditures.

Expenditures reported on the schedule of expenditures of Federal awards (the Schedule) are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. NCSD has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

<u>Major Federal Award Program</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<b>Department of Health and Human Services</b>		
Centers for Disease Control and Prevention		
National Network to Enhance Capacity of State and Local Sexually Transmitted Disease Prevention Programs	93.977	\$ 994,050

### 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, 2017**

**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

<b>Major Federal Award Program</b>	<b>Federal CFDA Number</b>	<b>Federal Expenditures</b>
<b>Department of Health and Human Services</b>		
Centers for Disease Control and Prevention		
National Network to Enhance Capacity of State and Local Sexually Transmitted Disease Prevention Programs	93.977	\$ 994,050
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 (continued)  
For the Year Ended September 30, 2017**

**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, 2017**

There were no findings for the year ended September 30, 2016.