

# **National Association for State Community Services Programs**

Washington, DC

Financial Statements and Supplementary Information  
Year Ended December 31, 2019

# National Association for State Community Services Programs

Financial Statements and Supplementary Information  
Year Ended December 31, 2019

---

## Table of Contents

Independent Auditor’s Report .....	1
Financial Statements	
Statements of Financial Position .....	3
Statements of Activities .....	4
Statements of Cash Flows.....	5
Notes to Financial Statements .....	6
Supplementary Information	
Schedule of Program Activity .....	11
Schedule of Expenditures of Federal Awards.....	12
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 <i>Government Auditing Standards</i> .....	13
Independent Auditor’s Report on Compliance for the Major Federal Program and on Internal Control Over Compliance and on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance .....	15
Schedule of Findings and Questioned Costs .....	18

**PITTERLE & FORTINO**  
CERTIFIED PUBLIC ACCOUNTANTS, LLC  
601 TENNESSEE AVENUE  
ALEXANDRIA, VA 22305

## **Independent Auditor's Report**

Board of Directors  
National Association for State Community Services Programs  
Washington, DC

### **Report on Financial Statements**

We have audited the accompanying financial statements of National Association for State Community Services Programs (a nonprofit organization) which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, 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 opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Association for State Community Services Programs as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

## Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying schedule of program activity, Schedule A, and schedule of expenditures of federal awards and list of programs, Schedule B, which includes the requirements of U.S. Office of Management and Budget *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## Reports Issued in Accordance with *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2020, on our consideration of National Association for State Community Services Programs' 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 the 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 National Association for State Community Services Programs' internal control over financial reporting and compliance.

Pitterle & Fortino



January 29, 2020  
Alexandria, Virginia

# National Association for State Community Services Programs

## Statements of Financial Position

December 31, 2019 and 2018

<i>Assets</i>	<b>2019</b>	<b>2018</b>
Current assets:		
Cash and cash equivalents	\$ 1,083,509	\$ 1,086,713
Grants receivable	132,949	181,868
Accounts receivable	22,603	38,010
Prepaid expenses	123,949	24,875
Total current assets	1,363,010	1,331,466
Furniture and equipment:		
Furniture and equipment	64,688	64,688
Accumulated depreciation	( 64,688)	( 64,688)
Furniture and equipment, net	0	0
Total assets	\$ 1,363,010	\$ 1,331,466
<i>Liabilities and Net Assets</i>		
Current liabilities:		
Accounts payable	\$ 87,525	\$ 104,771
Deferred membership dues	214,257	200,016
Deferred conference revenue	43,085	54,250
Deferred lease expense	39,900	38,951
Security deposit on sub-lease	41,750	18,625
Accrued payroll	29,090	21,303
Total current liabilities	455,607	437,916
Long-term liability		
Deferred lease expense	162,431	202,331
Total liabilities	618,038	640,247
Net assets - Without Donor Restrictions	744,972	691,219
Total liabilities and net assets	\$ 1,363,010	\$ 1,331,466

See accompanying notes to financial statements.

# National Association for State Community Services Programs

## Statements of Activities

Years Ended December 31, 2019 and 2018

	2019	2018
Revenue:		
Grant revenue	\$ 1,100,909	\$ 1,333,173
Membership dues	340,895	334,016
Conference registration	524,932	419,132
Rent income	266,934	244,961
SmartForms	0	13,498
Contract revenue	197,108	299,816
Total revenue	2,430,778	2,644,596
Program expenses:		
Personnel and fringe benefits	910,992	748,920
Supplies	27,815	16,780
Travel	96,528	105,650
Contract services	613,783	790,600
Rent	312,388	348,865
Communications	49,418	51,081
Copy and printing	9,136	8,680
Postage	1,116	2,980
Insurance	2,669	2,828
Bad debt	0	( 3,331)
Total program expenses	2,023,845	2,073,053
Management and general expenses	353,180	247,524
Total operating expenses	2,377,025	2,320,577
Change in net assets	53,753	324,019
Net assets - Without Donor Restrictions - Beginning of year	691,219	367,200
Net assets - Without Donor Restrictions - End of year	\$ 744,972	\$ 691,219

# National Association for State Community Services Programs

## Statements of Cash Flows

Years Ended December 31, 2019 and 2018

	2019	2018
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Change in net assets	\$ 53,753	\$ 324,019
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities:		
Depreciation	11,273	0
Deferred lease expense	( 38,951)	( 32,271)
Changes in operating assets and liabilities:		
Grants receivable	48,919	( 100,884)
Accounts receivable	15,407	( 12,210)
Prepaid expenses	( 110,347)	( 5,664)
Accounts payable	( 17,246)	73,535
Deferred membership dues	14,241	( 45,672)
Deferred conference registrations	( 11,165)	18,086
Accrued payroll	7,787	( 4,857)
Security Deposit	23,125	0
Net cash provided by operating activities	( 3,204)	214,082
Net cash provided by financing activities	0	0
Net cash provided by investing activities	0	0
Change in cash and cash equivalents	( 3,204)	214,082
Cash and cash equivalents - Beginning of year	1,086,713	872,631
Cash and cash equivalents - End of year	\$ 1,083,509	\$ 1,086,713

# National Association for State Community Services Programs

## Notes to Financial Statements

---

### **Note 1      Summary of Significant Accounting Policies**

#### **Nature of Operations**

The National Association for State Community Services Programs (NASCSP or the “Organization”) was incorporated in 1978. The Organization was formed to provide resources for the purpose of assisting states in their administration of a variety of programs that address the problems of poverty throughout the United States. The Organization is primarily supported through federal government grants. Approximately 35% of NASCSP’s revenue is received under contracts with the Department of Health and Human Services (DHHS) and 10% is received under contracts with the Department of Energy (DoE), for the year ended December 31, 2019.

#### **Basis of Presentation**

All financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

#### **Classification of Net Assets**

Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the board of directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. NASCSP does not have any net assets with donor restrictions.

#### **Revenue Recognition**

Contributions are recognized when the donor makes a promise to give to NASCSP that is, in substance, unconditional. Contributions received are recorded with or without donor restrictions, depending on the existence and nature of any such donor restrictions.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.



# National Association for State Community Services Programs

## Notes to Financial Statements

---

### **Note 1      Summary of Significant Accounting Policies (Continued)**

#### **A. Grant Awards that are Contributions**

Grants that qualify as contributions are recorded as invoiced to the funding sources. Revenue is recognized in the accounting period when the related allowable expenses are incurred. Amounts received in excess of expenses are reflected as grant funds received in advance.

#### **B. Grant Awards that are Exchange Transactions**

Exchange transactions reimburse based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed.

NASCSP receives grant revenue through reimbursement based grants with various federal agencies. NASCSP recognizes grant revenue when the related expense is incurred. Membership dues are recognized in revenue for the year that the member receives services for the related dues. Conference registration revenue is recognized when the conference is held. NASCSP sub-lets some of its space to another organization and records rent income for the month the space is occupied. Contract revenue is the revenue earned for the provision of services to members and others. This revenue is recognized in the period the service is performed.

#### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **Cash and Cash Equivalents**

For purposes of financial statement presentation, NASCSP considers all highly liquid debt instruments purchased with original maturities of three months or less to be cash equivalents.

#### **Accounts Receivable**

Accounts receivable consist primarily of amounts billed under service contracts. Amounts are reviewed for collectability by management, and an allowance for doubtful accounts is recorded as needed based on the customer's creditworthiness, prior loss experience, and current economic conditions. At December 31, 2019 and 2018 the allowance for doubtful accounts were \$0 and \$0, respectively.

# National Association for State Community Services Programs

## Notes to Financial Statements

---

### **Note 1                      Summary of Significant Accounting Policies (Continued)**

#### **Furniture and Equipment**

Furniture and equipment purchased is capitalized at cost and depreciated over its useful life using the straight-line method. NASCSP considers items with a cost of \$5,000 or more and a useful life of greater than one year to be equipment.

#### **Deferred Membership Dues**

NASCSP bills its members annually for membership dues. At December 31, amounts billed and collected for memberships in future years are shown as deferred membership dues. The dues will be recorded as revenue ratably over the membership period.

#### **Income Taxes**

NASCSP is exempt from income taxes under Section 501(c) (6) of the Internal Revenue Code.

NASCSP is required to assess whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements. NASCSP has determined there are no amounts to record as assets or liabilities related to uncertain tax positions. Federal returns for the calendar years ended 2016, and thereafter remain subject to examination by the Internal Revenue Service.

#### **Functional Expenses**

Expenses to provide various program and supporting activities have been summarized on a functional basis in the statements of activities. Expenses directly attributable to a specific functional area of NASCSP are reported as expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated amount the various functional areas based on estimates of employee time and effort.

#### **Subsequent Events**

Subsequent events have been evaluated through January 29, 2020, which is the date the financial statements were available to be issued.

### **Note 2                      Grants Receivable**

Grants receivable represent uncollected direct federal grant awards of \$132,949 and \$181,868 at December 31, 2019 and 2018, respectively.

# National Association for State Community Services Programs

## Notes to Financial Statements

### Note 3 Concentration of Risk

NASCSP maintains cash balances at one financial institution which is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, the bank balances could exceed the FDIC limits. Management believes the financial institution has a strong credit rating and credit risk related to these deposits is minimal.

### Note 4 Liquidity and Availability of Resources

NASCSP regularly monitors liquidity required to meet its operating needs and other commitments. NASCSP maintains cash to meet its operating liquidity needs. As of December 31, 2019, NASCSP had \$1,083,509 in cash available to meet its operating needs. This represents about 5.5 months of anticipated operating expenses.

NASCSP funds the majority of its activities through the receipt of reimbursement based government grants. The Organization typically receives reimbursement for monthly expenses mid-month following the outlay of such funds. The reimbursement is received through a pre-approved draw on an established line of credit authorized by the granting agencies. Accordingly, there is seldom a delay in receipt of funds. The average monthly reimbursement from such sources was just over \$91,700 in 2019. Available cash could provide liquidity for almost twelve months of grant activity.

In addition to grants, NASCSP funds operations through receipt of membership dues and contract revenue. Membership dues are billed to members in the year preceeding the year to which they relate. Contract revenue is billed subsequent to the delivery of the service.

In addition to the cash available to support operations, NASCSP maintains a line of credit in the amount of \$150,000 for unforeseen liquidity shortfalls.

### Note 5 Functional Expenses

Functional expenses of NASCSP are as follows:

	2019			2018		
	Management			Management		
	<u>Program</u>	<u>&amp; General</u>	<u>TOTAL</u>	<u>Program</u>	<u>&amp; General</u>	<u>TOTAL</u>
Personnel and fringe benefits	\$ 910,992	\$ 179,368	\$ 1,090,360	\$ 748,920	\$ 147,308	\$ 896,228
Supplies	27,815	1,487	29,302	16,780	471	17,251
Travel	96,528	13,956	110,484	105,650	14,088	119,738
Contract Services	613,783	9,000	622,783	790,600	8,900	799,500
Rent	312,388	104,664	417,052	348,865	58,016	406,881
Communications	49,418	9,528	58,946	51,081	212	51,293
Copy and printing	9,136	749	9,885	8,680	133	8,813
Postage	1,116	-	1,116	2,980	-	2,980
Insurance	2,669	2,803	5,472	2,828	2,803	5,631
Bad debts	-	-	-	(3,331)	-	(3,331)
Amortization	-	11,273	11,273	-	-	-
Miscellaneous	-	20,352	20,352	-	15,593	15,593
TOTAL	<u>\$ 2,023,845</u>	<u>\$ 353,180</u>	<u>\$ 2,377,025</u>	<u>\$ 2,073,053</u>	<u>\$ 247,524</u>	<u>\$ 2,320,577</u>

# National Association for State Community Services Programs

## Notes to Financial Statements

---

### **Note 6                      Retirement Plan**

NASCSP has established a SIMPLE retirement contribution plan that covers all full-time employees. The retirement benefits vest immediately. NASCSP contributes up to 3% of the annual compensation of the participating employees. The contributions for the years ended December 31, 2019 and 2018 were \$17,773 and \$17,914, respectively.

### **Note 7                      Commitments**

At December 31, 2019 and 2018, NASCSP had received commitments for funding under various grant awards of approximately \$717,000 and \$655,000, respectively. These commitments are not recognized in the accompanying financial statements as they are conditional awards.

### **Note 8                      Line of Credit**

NASCSP has a line of credit available in the amount of \$150,000. No draws were made against the line of credit. The line of credit bears interest at the greater of the bank's floating rate plus 1.02 percentage points or a floor of 4%. The line of credit matures May 15, 2020. The line of credit is secured by certain assets of NASCSP.

### **Note 9                      Operating Leases**

NASCSP leases office space for operation of its programs. Rent expense for the years ended December 31, 2019 and 2018 were \$417,052 and \$406,881, respectively. Future minimum lease payments on leases having terms beyond one year are as follows:

2020	\$ 467,379
2021	479,098
2022	491,086
2023	503,344
2024	428,122
<hr/>	
Total	\$ 2,369,029

NASCSP entered into a noncancelable 11-year lease for office space effective November 2013. The lease did not require any lease payments for the first year. As a result, deferred lease expense of \$367,085 was recorded on the statement of financial position as of November 2014. Subsequently, a pro-rata share of the deferred lease expense will be offset against rent expense over the remaining term of the lease. The lease also requires NASCSP to pay an additional amount for taxes and operating costs over the base year cost as defined in the lease. These costs may be billed monthly, quarterly, semi-annually or annually. In addition, as part of the lease, NASCSP had to obtain a standby letter of credit in the name of the landlord in the amount of \$98,780. This letter of credit initially matured July 2015, but automatically renews annually, unless advance notice of non-renewal is provided by the bank.

# **Supplementary Information**

---

# National Association for State Community Services Programs

## Schedule A

### Schedule of Program Activity

Year Ended December 31, 2019

	PROGRAM ACTIVITY					DISCRETIONARY ACTIVITY
	Department of Health and Human Services			Department of Energy		
	93.569			81.117		
	CSBG Performance Management System 90ET0468/02 (1)	CSBG Performance Management System 90ET0468/03 (2)	93.569 Subtotal	WAP Training and Technical Assistance Award DE-EE0008070 (3)	TOTAL PROGRAM ACTIVITY	
						General Fund (4)
REVENUE						
Grant revenue	\$ 1,100,909	\$ 215,316	\$ 853,028	\$ 247,881	\$ 1,100,909	\$ 0
Membership dues	340,895	0	0	0	0	340,895
Conference registration	524,932	0	0	0	0	524,932
Rent income	266,934	0	0	0	0	266,934
Contract revenue	197,108	0	0	0	0	197,108
Total Revenue	2,430,778	637,712	215,316	853,028	247,881	1,329,869
EXPENSES						
Personnel and fringe benefits	1,090,360	355,461	98,821	454,282	170,006	466,072
Supplies	29,302	3,936	1,010	4,946	1,003	23,353
Travel	110,484	38,934	5,682	44,616	11,207	54,661
Contract services	622,783	169,071	75,187	244,258	17,932	360,593
Rent	417,052	45,747	22,366	68,113	36,551	312,388
Communications	58,946	19,470	10,348	29,818	8,295	20,833
Copy and printing	9,885	1,680	536	2,216	781	6,888
Postage	1,116	135	45	180	76	860
Insurance	5,472	1,924	675	2,599	983	1,890
Amortization	11,273	1,236	605	1,841	988	8,444
Miscellaneous	20,352	118	41	159	59	20,134
Total Expenses	2,377,025	637,712	215,316	853,028	247,881	1,276,116
Change in Net Assets	53,753	0	0	0	0	53,753
Net assets - Beginning of year	691,219	0	0	0	0	691,219
NET ASSETS AT END OF YEAR	\$ 744,972	\$ 0	\$ 0	\$ 0	0	\$ 744,972

See Independent Auditor's Report.

# National Association for State Community Services Programs

## Schedule B

### Schedule of Expenditures of Federal Awards

Year Ended December 31, 2019

Federal Grantor/Pass-Through Grantor/Program Title		CFDA Number	Funding Source	Program Period	Award Amount	Federal Expenditures	Subrecipient Awards
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>							
( 1 )	Nationwide Performance Management System Development and Data Collection, Analysis and Reporting for the Community Services Block Grant Program - 90ET0468-02-00	93.569	U.S. Department of Health and Human Services - Office of Community Services	9/30/2018 - 9/29/2019	900,000	\$ 637,712	\$ -
( 2 )	Nationwide Performance Management System Development and Data Collection, Analysis and Reporting for the Community Services Block Grant Program - 90ET0468/03	93.569	U.S. Department of Health and Human Services - Office of Community Services	9/30/2019 - 9/29/2020	900,000	215,316	-
<b>Total Federal Expenditures CFDA #93.569</b>						<b>853,028</b>	
<b>DEPARTMENT OF ENERGY</b>							
( 3 )	WAP Training and Technical Assistance Award - DE-EE0008070	81.117	U.S. Department of Energy	1/1/2018 - 12/31/2020	525,000	247,881	-
<b>TOTAL FEDERAL EXPENDITURES</b>						<b>\$ 1,100,909</b>	
<b>DISCRETIONARY ACTIVITY</b>							
( 4 )	General Fund		Membership dues, conference registration fees, and contract revenue.	1/1/2019 - 12/31/2019			

#### Notes to Schedule of Expenditures of Federal Awards and List of Programs

##### Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards and list of programs (the "Schedule") includes the federal grant activity of National Association for State Community Services Programs under programs of the federal government for the year ended December 31, 2018. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the schedule presents only a selected portion of the operations of National Association for State Community Services Programs, it is not intended to and does not present the financial position, changes in net assets or cash flows of National Association for State Community Services Programs.

##### Note 2 - Summary of Significant Account Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB *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.

**PITTERLE & FORTINO**  
CERTIFIED PUBLIC ACCOUNTANTS, LLC  
601 TENNESSEE AVENUE  
ALEXANDRIA, VA 22305

**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***

Board of Directors  
National Association for State Community Services Programs  
Washington, DC

We have audited the financial statements of National Association for State Community Services Programs (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019, and the related statements of activities, and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated January 29, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States,

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered National Association for State Community Services Programs' 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 National Association for State Community Services Programs' internal control. Accordingly, we do not express an opinion on the effectiveness of National Association for State Community Services Programs' 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 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



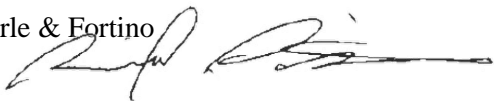
## Compliance and Other Matters

As part of obtaining reasonable assurance about whether National Association for State Community Services Programs 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 National Association for State Community Services Programs' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering National Association for State Community Services Programs' internal control and on compliance. Accordingly, this communication is not suitable for any other purpose.

Pitterle & Fortino



January 29, 2020  
Alexandria, Virginia

**PITTERLE & FORTINO**  
CERTIFIED PUBLIC ACCOUNTANTS, LLC  
601 TENNESSEE AVENUE  
ALEXANDRIA, VA 22305

**Independent Auditor's Report on Compliance for the Major Federal Program and on Internal Control Over Compliance and on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

Board of Directors  
National Association for State Community Services Programs  
Washington, DC

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

We have audited National Association for State Community Services Programs' (a nonprofit organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2019. National Association for State Community Services Programs' major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and restrictions of its federal awards applicable to its federal program.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for National Association for State Community Services Programs' 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 the major federal program occurred. An audit includes examining, on a test basis, evidence about National Association for State Community Services Programs' 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 on National Association for State Community Services Programs' compliance.

## Opinion on the Major Federal Program

In our opinion, National Association for State Community Services Programs 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 December 31, 2019.

## Report on Internal Control Over Compliance

Management of National Association for State Community Services Programs 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 National Association for State Community Services Programs' internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 the National Association for State Community Services Programs' 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 would not necessarily identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. 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.

This 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.

## **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of National Association for State Community Services Programs as of and for the year ended December 31, 2018, and have issued our report thereon dated January 29, 2020, which contained an unmodified opinion on those financial statements. 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 is presented for purposes of additional analysis as required by the *Uniform Guidance*, 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.

Pitterle & Fortino

A handwritten signature in black ink, appearing to be a stylized cursive script, likely representing the firm Pitterle & Fortino.

January 29, 2020  
Alexandria, Virginia

## A. Summary of Auditor's Results

### FINANCIAL STATEMENTS

Type of auditor's report issued Unmodified

Internal control over financial reporting:

- Material weakness identified?            yes       X       no
- Significant deficiency identified?            yes       X       none reported

Noncompliance material to financial statements noted?            yes       X       no

### FEDERAL AWARDS

Internal control over major Federal program:

- Material weakness identified?            yes       X       no
- Significant deficiency identified?            yes       X       none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?            yes       X       no

Identification of major program:

- CFDA Number 93.569 – Community Service Block Grant

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

Auditee qualified as low-risk auditee?       X       yes            no

## B. Findings – Financial Statements Audit

Findings: None

## C. Findings and Questioned Costs – Major Federal Award Program Audit

Findings: None

Questioned Costs: None

## D. Prior Year Findings: None