NIA ASSOCIATION, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

NIA ASSOCIATION, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Nia Association, Inc.
Clarksville, Tennessee

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Nia Association, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nia Association, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Nia Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Nia Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Nia Association, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Nia Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2023, on our consideration of Nia Association, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Nia Association Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Nia Associations Inc.'s internal control over financial reporting and compliance.

Duguid, Gentry & Associates, PSC

Duguid, Gentry & Associates, PSC

Certified Public Accountants
Hopkinsville, Kentucky

May 3, 2023

FINANCIAL STATEMENTS

NIA ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	$1,451,614	$ 774,517
Contracts receivable	302,134	279,772
Receivables from others	-	2,549
Employee advances	2,726	243
Total current assets	1,756,474	1,057,081
Noncurrent assets		
Capital assets, net	359,578	384,533
Total noncurrent assets	359,578	384,533
Other assets		
Investments - retirement obligation	32,221	38,644
Notes receivable	9,519	9,625
Total other assets	41,740	48,269
Total assets	$2,157,792	$1,489,883

Continued

NIA ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION, continued
DECEMBER 31, 2022 AND 2021

	2022	2021
LIABILITIES		
Current liabilities		
Accounts payable	$ 2,081	$ 6,653
Accrued payroll and taxes	115,792	112,281
Current portion of notes payable	2,000	2,000
Deferred revenue	-	7,491
Total current liabilities	119,873	128,425
Long-term liabilities		
Security deposits	10,276	6,776
Notes payable	10,968	12,968
Retirement obligation	32,221	38,644
Total long-term liabilities	53,465	58,388
Total liabilities	173,338	186,813
NET ASSETS		
Without donor restrictions	1,984,454	1,303,070
With donor restrictions	-	-
Total net assets	1,984,454	1,303,070
Total liabilities and net assets	$2,157,792	$1,489,883

See accompanying notes to the financial statements

NIA ASSOCIATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
State contracts	$ 3,360,097	$ -	$ 3,360,097
Other program income	920,434	-	920,434
Rental income	69,214	-	69,214
Other revenue	30,781	-	30,781
Donation	2,466	-	2,466
Total revenues	4,382,992	-	4,382,992
EXPENSES			
Program service expenses	3,102,312	-	3,102,312
Supporting services	599,296	-	599,296
Total expenses	3,701,608	-	3,701,608
Change in net assets	681,384	-	681,384
Net assets, beginning of year	1,303,070	-	1,303,070
Net assets, end of year	$ 1,984,454	$ -	$ 1,984,454

See accompanying notes to financial statements

NIA ASSOCIATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
State contracts	$ 2,917,888	$ -	$ 2,917,888
Other program income	609,808	-	609,808
Rental income	66,429	-	66,429
Other revenue	414,123	-	414,123
Donation	4,029	-	4,029
Realized gain on sale of assets	700	-	700
Total revenues	4,012,977	-	4,012,977
EXPENSES			
Program service expenses	2,793,566	-	2,793,566
Supporting services	536,254	-	536,254
Total expenses	3,329,820	-	3,329,820
Change in net assets	683,157	-	683,157
Net assets, beginning of year	619,913	-	619,913
Net assets, end of year	$ 1,303,070	$ -	$ 1,303,070

See accompanying notes to financial statements

NIA ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Expenses	Supporting Services	Total
Salaries	$2,244,290	$ 226,627	$2,470,917
Payroll taxes	154,695	16,629	171,324
Workers compensation	42,413	-	42,413
Fringe benefits	-	96,912	96,912
Payroll fees	14,446	-	14,446
Auto	10,834	22,239	33,073
Advertising	-	1,940	1,940
Bad debt	16,064	-	16,064
Bank charges	-	1,339	1,339
Contract labor	-	42,115	42,115
Depreciation	32,437	4,786	37,223
Dues and subscriptions	-	1,203	1,203
Pre-employment testing	-	7,626	7,626
Travel	2,842	3,925	6,767
Equipment lease/rental	-	5,487	5,487
Insurance	-	40,308	40,308
Legal and professional	-	23,007	23,007
Licenses and taxes	-	2,868	2,868
Miscellaneous	1,808	1,856	3,664
Recoupment of fees	4,102	-	4,102
Office supplies	2,216	22,206	24,422
Postage	-	1,303	1,303
Rent	-	68,606	68,606
Repairs and maintenance	51,038	2,131	53,169
Shop supplies	2,197	-	2,197
Assistance to individuals	490,643	-	490,643
Telephone	-	4,977	4,977
Training	5,451	-	5,451
Utilities	26,836	1,206	28,042
	$3,102,312	$ 599,296	$3,701,608

See accompanying notes to the financial statements

NIA ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Expenses	Supporting Services	Total
Salaries	$2,039,800	$ 209,058	$2,248,858
Payroll taxes	150,046	16,130	166,176
Workers compensation	45,926	-	45,926
Fringe benefits	-	56,980	56,980
Payroll fees	24,839	-	24,839
Activities and recreation	360	-	360
Auto	12,616	13,986	26,602
Bank charges	-	1,136	1,136
Contract labor	-	53,179	53,179
Depreciation	33,172	4,894	38,066
Dues and subscriptions	-	601	601
Pre-employment testing	-	7,600	7,600
Travel	4,310	-	4,310
Equipment lease/rental	-	4,633	4,633
Insurance	-	43,243	43,243
Legal and professional	-	20,931	20,931
Licenses and taxes	-	3,162	3,162
Miscellaneous	12,768	4,783	17,551
Office supplies	1,212	14,122	15,334
Postage	-	1,352	1,352
Rent	-	66,670	66,670
Repairs and maintenance	17,910	3,540	21,450
Shop supplies	2,590	-	2,590
Assistance to individuals	425,983	-	425,983
Telephone	-	7,264	7,264
Training	258	-	258
Utilities	21,776	2,990	24,766
	$2,793,566	$ 536,254	$3,329,820

See accompanying notes to the financial statements

NIA ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Cash flows from operating activities		
Net increase (decrease) in net assets	$ 681,384	$ 683,157
Adjustments to reconcile change in net assets		
to net cash provided by operating activities		
Depreciation	37,223	38,066
Gain on sale of property	-	(700)
(Increase) decrease in		
Contracts receivable	(22,363)	(54,742)
Receivables from others	2,549	(684)
Employee advances	(2,483)	508
Notes receivable	106	-
Increase (decrease) in		
Accounts payable	(4,572)	(1,026)
Recoupment of fees liability	(7,491)	-
Settlement liability	-	(2,778)
Accrued payroll and taxes	3,511	27,826
Security deposits	3,500	(472)
Total adjustments	9,980	5,998
Net cash provided (used) by operating activities	691,364	689,155
Cash flows from investing activities		
Purchase or sale of fixed assets	(12,267)	897
Net cash provided (used) by investing activities	(12,267)	897
Cash flows from financing activities		
Paycheck Protection Program loan	-	(380,600)
Repayment of long-term debt	(2,000)	(2,377)
Net cash provided (used) by financing activities	(2,000)	(382,977)
Increase (decrease) in cash	677,097	307,075
Cash and cash equivalents, beginning of year	774,517	467,442
Cash and cash equivalents, end of year	$1,451,614	$ 774,517

See accompanying notes to financial statements

NOTES TO FINANCIAL STATEMENTS

NIA ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Nia Association, Inc. (the Organization) is a non-profit corporation located in Clarksville, Tennessee that provides 24-hour continuous supported living and residential services for persons with developmental disabilities. The Organization was chartered in 1998 and operates in Montgomery County, Tennessee. A board of directors governs the Organization, and its programs are carried out by staff members under the supervision of the executive director who is appointed by the board of directors.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

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 are considered net assets without donor restrictions. 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 are considered net assets with donor restrictions. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Cash and Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety (90) days of purchase. There were no cash equivalents at December 31, 2022 and 2021.

Fair Value Measurement

The Organization's financial instruments consist of cash and cash equivalents, contracts receivables, employee advances, retirement obligation investment/obligation, notes receivable, accounts payable, accrued liabilities and notes payable.

The carrying amount of cash and cash equivalents, contracts receivables, employee advances, retirement obligation investment/obligation, notes receivable, accounts payable, accrued liabilities and notes payable approximate their fair value due to the short-term nature of such instruments.

Allowance for Bad Debts

An allowance for bad debts has not been provided based on management's determination that such amount, if any, would be immaterial. Bad debts are recognized using the specific identification method.

Property and Equipment

It is the Organization's policy to capitalize property and equipment over $1,000. Property and equipment are recorded at cost or estimated fair value at the date of donation. If the donor stipulates how long the asset must be used, the contributions are recorded as support with donor restrictions. In the absence of such stipulations, contributions of property and equipment are recorded as support without donor restrictions if used. If the donated property is not used, it is held for future sale or donated to clients. Property and equipment are depreciated using the straight-line method over their estimated useful lives, which vary from five to thirty-nine years. Depreciation expense for the years ended December 31, 2022 and 2021 was $37,233 and $38,066, respectively.

Income Taxes

The Organization is a nonprofit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities.

Support and Revenue

The Organization receives the majority of its revenue by providing services under contract primarily from the State of Tennessee Department of Intellectual and Developmental Disabilities and Bureau of Tenncare.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Functional Expenses

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

Compensated Absences

Employees of the Organization are entitled to paid vacation and paid sick days depending on job classification, length of service and other factors. It is impractical to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the costs of compensated absences when actually paid to employees.

Subsequent Events

Subsequent events have been evaluated through May 3, 2023, which is the date the financial statements were available to be issued.

NOTE 2 – AVAILABILITY AND LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting use within one year of the Statement of Financial Position, comprise the following:

	2022	2021
Financial assets at year end		
Cash and cash equivalents	$ 1,451,614	$ 774,517
Contracts receivable	302,134	279,772
Receivables from others	12,245	12,417
Investments - retirement obligation	32,221	38,644
Total financial assets	1,798,214	1,105,350
Less assets limited to use		
Board-designated	32,221	38,644
Net financial assets available for general expenditure within one year	$ 1,765,993	$ 1,066,706

As part of the Organization's liquidity management, it has a $35,000 line of credit available to meet cash flow needs.

NOTE 3 – CONTRACTS RECEIVABLE

Contracts receivable for December 31, 2022 and 2021 consisted of the following:

	2022	2021
Tennessee Division of Intellectual Disabilities Services and Bureau of Tenncare	$228,542	$228,443
Other receivables	73,592	51,329
	$302,134	$279,772

NOTE 4 – NOTES PAYABLE

Notes payable at December 31, 2022 and 2021 consisted of the following:

	2022	2021
Note payable to City of Clarksville, Tennessee, payable in monthly installments of $166, including interest at 0%, due December 2028, collateralized by property located in Montgomery County, Tennessee.	$12,968	$14,968
Less: current portion	(2,000)	(2,000)
Total long-term note payable	$10,968	$12,968

Future principal maturities are as followed:

Year	Amount
2023	$ 2,000
2024	2,000
2025	2,000
2026	2,000
2027	2,000
Thereafter	2,968
Total	$ 12,968

NOTE 5 – LINE OF CREDIT

The Organization maintains a $35,000 unsecured line of credit with Regions Bank, subject to renewal every year. Interest is payable monthly and accrues at a rate of 6.25%. The balance on the line of credit was $0 as of December 31, 2022 and 2021.

NOTE 6 – CONCENTRATIONS

For the years ended December 31, 2022 and 2021, the Organization received 77% and 74% of its support from the State of Tennessee Department of Intellectual and Developmental Disabilities Services and Bureau of Tenncare. A major reduction of funds by this agency could have a significant effect on the future operations of the Organization's programs and activities. Management believes such a reduction is unlikely (1) because of continuing trends in State government toward privatizing care for mentally challenged adults who were previously treated in state facilities, (2) satisfactory results from the Organization's ongoing program accountability reviews by State auditors and (3) the Organization has a signed contract with the State through December 31, 2022.

NOTE 7 – OPERATING LEASES

The Organization leases office space from a related party - see Note 9. The office lease was previously an eight-year lease ending May 31, 2020, for $4,800 per month. The lease agreement was amended June 1, 2020, to amend rent to $5,500 per month for an indefinite period. Rental expense under all operating lease agreements was $66,000 and $66,000 for the years ended December 31, 2022 and 2021. Future minimum lease payments as of December 31, 2022 are as follows:

Year	Amount
2023	$ 66,000
2024	66,000
2025	66,000
2026	66,000
2027	66,000
Total	$ 330,000

The Organization owns and leases residential homes to service recipients under operating leases. Such leases are cancellable upon giving 60-day written notice. Property held for lease at December 31, 2022 included $62,307 in land and $259,638 in buildings (net of $328,987 of accumulated depreciation). Rental income on these homes was $69,214 and $66,429 for the years ended December 31, 2022 and 2021.

NOTE 8 – PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following at December 31, 2022 and 2021:

	2022	2021
Land	$ 62,307	$ 62,307
Building	588,625	582,981
Furniture, fixtures and equipment	81,984	76,360
Vehicles	126,072	126,072
	858,988	847,720
Less: accumulated depreciation	(499,410)	(462,187)
	$359,578	$385,533

For the years ended December 31, 2022 and 2021, depreciation expense was $37,223 and $38,066, respectively.

NOTE 9 – RELATED PARTY TRANSACTIONS

Walnut Grove, Inc. is a nonprofit corporation organized exclusively for charitable and educational purposes, primarily to provide elderly persons and handicapped persons with housing facilities and services specially designed to meet their physical, social and psychological needs, and to promote their health, security, happiness and usefulness in longer living. The Organization is the sponsoring organization of Walnut Grove, Inc. At December 31, 2022 and 2021, Walnut Grove, Inc. owed the Organization $9,519.

The Organization's founder is an owner of Orchid One. Orchid One owns a residential home that is leased to services recipients of the Organization below local fair market value. The Organization occupies an office building that is leased from Orchid One. During the years ended December 31, 2022 and 2021, rental expense totaling $66,000 and $66,000, respectively, was paid by the Organization to Orchid One.

Related parties of the Organization received payments for services provided under the State of Tennessee contract for Family Model Residential Support (FMRS). During the years ended December 31, 2022 and 2021, total payments to related parties for these services were $195,176 and $174,588, respectively.

NOTE 10 – PENSION PLANS

The Organization sponsors a 403(b) tax sheltered annuity plan. Employees who work at least 36 hours per pay period (in a permanently assigned shift) are eligible to participate after 90 days of full-time employment. The Organization makes a matching contribution up to 4.00% of annual salary. Matching contributions were $6,156 and $6,147 for the years ended December 31, 2022 and 2021, respectively.

The Organization has a 457(b) deferred compensation plan covering participants who are within a select group of management. As of December 31, 2022 and 2021, the Organization has recorded investments of $38,644 and $32,550, and a corresponding retirement obligation of $38,644 and $32,550. For the years ended December 31, 2022 and 2021, there were no participant deferrals and no contributions by the Organization.

NOTE 11 – RECENT ACCOUNTING PRONOUNCEMENTS

<u>Recently Issued Accounting Pronouncements Not Yet Adopted</u>

In June 2016, the FASB issued Accounting Standards Update No. 2016-13, *Financial Instruments-Credit Losses: Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 requires measurement and recognition of expected credit losses for financial assets. In April 2019, the FASB issued clarification to ASU 2016-13 within ASU 2019-04, Codification Improvements to Topic 326, *Financial Instruments-Credit Losses,* Topic 815, *Derivatives and Hedging*, and Topic 825, *Financial Instruments*, or ASU 2016-13. The guidance is effective for fiscal years beginning after December 15, 2022. Management has not determined the effect of this ASU at this time.

<u>Recently Issued Accounting Pronouncements</u>

On November 11, 2021, the FASB published ASU 2021-09, *Leases* (Topic 842): *Lessors—Discount Rate for Lessees That Are Not Public Business Entities*, which upon adoption provides nonpublic business entity lessees with a practical expedient to elect, as an accounting policy, to use a risk-free rate as the discount rate by class of underlying asset. ASU 2021-09 requires the use of the rate implicit in the lease when readily determinable regardless of the election to otherwise use a risk-free rate for a class of underlying asset. Lessees that have adopted ASC 842 as of November 11, 2021, should apply the transition requirements for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. The Association adopted this ASU January 1, 2022 with no impact on its financial statements.

INTERNAL CONTROL AND COMPLIANCE

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DUGUID, GENTRY & ASSOCIATES, P.S.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Nia Association, Inc.

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 Nia Association, Inc. (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and related notes to the financial statements, and have issued our report thereon dated May 3, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Nia Association, Inc.'s internal control over financial reporting (internal control) as a basis for designing 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 Nia Association, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Nia Association, Inc.'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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Nia Association, Inc.'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.* There were no prior findings reported.

Purpose of this Report

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

Duguid, Gentry & Associates, PSC

Duguid, Gentry & Associates, PSC

Certified Public Accountants
Hopkinsville, Kentucky

May 3, 2023

NIA ASSOCIATION, INC.
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2022

Financial Statement Findings

There were no prior findings reported.