

NATIONAL LEAD FOR AMERICA, INC.

FINANCIAL STATEMENTS
with
INDEPENDENT AUDITOR'S REPORT
and
UNIFORM GUIDANCE REPORTS
YEAR ENDED DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
National Lead for America, Inc.
Dodge City, Kansas

Opinion

We have audited the accompanying financial statements of National Lead for America, Inc. (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2023, 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 National Lead for America, Inc. as of December 31, 2023, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of National Lead for America, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, 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, which raise substantial doubt about National Lead for America, 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 judgement 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 procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of National Lead for America, 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 judgement, there are conditions or events, considered in the aggregate, which raise substantial doubt about National Lead for America, Inc.'s ability to continue as a going concern for a reasonable period of time.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2024, on our consideration of the National Lead for America, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 National Lead for America, 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 the National Lead for America, Inc.'s internal control over financial reporting and compliance.

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.

Kennedy McKee & Company LLP

September 20, 2024

NATIONAL LEAD FOR AMERICA, INC.

STATEMENT OF FINANCIAL POSITION

Year ended December 31, 2023

ASSETS

Cash and cash equivalents	\$ 6,634,033
Accounts receivable	907,244
Grants receivable	562,332
Prepaid expense	<u>87,893</u>
Total assets	<u><u>\$ 8,191,502</u></u>

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable	\$ 151,774
Accounts payable - contribution refunded	300,000
Accrued salaries and benefits payable	325,768
Deferred revenue	<u>923,009</u>

Total liabilities	<u>1,700,551</u>
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Net assets:

Without donor restrictions	5,885,951
With donor restrictions	<u>605,000</u>

Total net assets	<u>6,490,951</u>
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Total liabilities and net assets	<u><u>\$ 8,191,502</u></u>
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The accompanying notes are an integral part of the financial statements.

NATIONAL LEAD FOR AMERICA, INC.

STATEMENT OF ACTIVITIES

Year ended December 31, 2023

	Without donor restrictions	With donor restrictions	Total
Revenues and other support:			
Contributions	\$ 2,895,399	\$ 1,075,000	\$ 3,970,399
Program income	1,757,621	-	1,757,621
Grants	2,934,661	-	2,934,661
In-kind contributions	630,258	-	630,258
Interest income	36,677	-	36,677
Miscellaneous	1,001	-	1,001
Net assets released from restriction	470,000	(470,000)	-
	<u>8,725,617</u>	<u>605,000</u>	<u>9,330,617</u>
Total revenues and other support			
Expenses:			
Program services	6,492,862	-	6,492,862
Supporting activities:			
Management and general	1,040,453	-	1,040,453
Fund-raising	3,215	-	3,215
	<u>7,536,530</u>	<u>-</u>	<u>7,536,530</u>
Total expenses			
Unusual and infrequent item:			
Refunded contribution	300,000	-	300,000
	<u>7,836,530</u>	<u>-</u>	<u>7,836,530</u>
Total expenses and unusual and infrequent items			
Change in net assets	889,087	605,000	1,494,087
Net assets at beginning of year	4,996,864	-	4,996,864
Net assets at end of year	<u>\$ 5,885,951</u>	<u>\$ 605,000</u>	<u>\$ 6,490,951</u>

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

NATIONAL LEAD FOR AMERICA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2023

	Program services	Management and general	Fund- raising	Total
Salaries and benefits	\$ 1,639,863	\$ 506,740	\$ -	\$ 2,146,603
Fellow scholarship costs	74,969	-	-	74,969
Living allowances	2,842,623	(503)	-	2,842,120
Professional fees	841,684	247,733	-	1,089,417
Fellow enrichment	907,206	12,216	-	919,422
Software and subscriptions	57,982	131,492	-	189,474
Office space	-	10,450	-	10,450
Advertising	9,334	3,750	-	13,084
Recruiting	20,099	-	-	20,099
Professional development	3,770	5,695	-	9,465
Travel and lodging	41,891	38,301	3,215	83,407
Licenses and filing fees	-	9,192	-	9,192
Insurance	3,768	11,144	-	14,912
Conference fees	9,195	4,295	-	13,490
Workers compensation	-	19,493	-	19,493
Materials	2,100	2,158	-	4,258
Website/web development	14,973	951	-	15,924
Equipment and supplies	59	8,073	-	8,132
Office supplies	5,689	-	-	5,689
Bank and credit card fees	-	1,347	-	1,347
Background checks	8,496	120	-	8,616
Membership fees	-	5,222	-	5,222
Postage, mailing service	56	1,889	-	1,945
Telephone telecommunications	-	493	-	493
Other	-	2,235	-	2,235
Meals	9,105	2,967	-	12,072
Grant expense	-	15,000	-	15,000
	<u>\$ 6,492,862</u>	<u>\$ 1,040,453</u>	<u>\$ 3,215</u>	<u>\$ 7,536,530</u>

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

NATIONAL LEAD FOR AMERICA, INC.

STATEMENT OF CASH FLOWS

Year ended December 31, 2023

Cash flows from operating activities:

Cash received from:

Contributions	\$ 3,970,399
Program income	1,353,634
Grants	3,228,339
Other	1,001

Cash received from operating activities	8,553,373
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Cash paid for:

Salaries and benefits	2,075,325
Fellowship costs	3,714,962
Operating expenses	945,457

Cash disbursed for operating activities	6,735,744
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Net cash flows provided (used) by operating activities	1,817,629
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Cash flows from investing activities:

Interest income	36,677
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Net increase (decrease) in cash	1,854,306
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Cash and cash equivalents, beginning of year	4,779,727
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Cash and cash equivalents, end of year	\$ 6,634,033
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Reconciliation of change in net assets to cash provided by operating activities:

Change in net assets	\$ 1,494,087
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Adjustment to reconcile change in net assets

to net cash provided (used) by operating activities:

Interest income	(36,677)
(Increase) decrease in accounts receivable	(288,569)
(Increase) decrease in reimbursements receivable	2,478
(Increase) decrease in grants receivable	293,678
(Increase) decrease in other assets	1,204
(Increase) decrease in prepaid expenses	(25,981)
Increase (decrease) in accounts payable	121,549
Increase (decrease) in accounts payable - contribution refunded	300,000
Increase (decrease) in accrued salaries and benefits payable	71,278
Increase (decrease) in deferred revenue	(115,418)

	323,542
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Net cash flows provided (used) by operating activities	\$ 1,817,629
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The accompanying notes are an integral part of the financial statements.

NATIONAL LEAD FOR AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist in the understanding of the Organization's financial statements. The financial statements and notes are representations of management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles.

1. History and business activity

National Lead for America, Inc. was incorporated in August 2018 and received exempt tax status in September 2018 under the laws of the State of North Carolina. It relocated its headquarters to Kansas in October 2020.

The Organization is operating as a nonprofit organization to support and provide skills to young professionals between ages 21 and 30 years of age. Professionals are recruited, trained, and placed in civic leadership roles to tackle the toughest challenges facing their communities.

2. Basis of presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature, such as those that are restricted by a donor that the resources be maintained in perpetuity.

The Organization's unspent contributions are reported in net assets with donor restrictions if the donor limited their use, as are promised contributions that are not yet due. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basis of accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

4. Cash and cash equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

5. Accounts receivable and allowance for credit losses

Accounts receivable are stated at unpaid balances. An allowance for credit losses is an estimate based upon historical account write-off trends, facts about the current financial condition of the debtor, forecasts of future operating results based upon current trends and macroeconomic factors. Credit quality is monitored through the timing of payments compared to payment terms and known facts regarding the financial condition of debtors. Management has not made an allowance for credit losses as outstanding balances are from local governments and collection problems are unlikely.

6. Grants receivable

The Organization receives grants from federal and state agencies that are reimbursed after grant expenditures have been incurred. The Organization prepares grant expenditure reports on a monthly basis and requests reimbursement based on those reports.

7. Promises to give

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met or explicitly waived by the donor. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured at the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

8. Deferred revenue

Program income from fellowships received in advance is deferred and recognized over the periods to which the fellowships relate.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

9. Revenue recognition

Contributions are recognized when cash, securities, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

A portion of revenue is derived from cost-reimbursable federal grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when incurred expenses are in compliance with specific grant provisions.

The Organization enters into contractual agreements with various entities, the contract amount is received in advance and the revenue is initially recognized as deferred revenue. As the fellows render services over the contract term, the deferred revenue is reduced, and the corresponding amount is recognized as program income.

10. Revenue with and without donor restrictions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. Contributions of property and equipment are reported as net assets with donor restrictions if the donor restricted the use of the property or equipment to a particular program, as are contributions of cash restricted to the purchase of property and equipment. Otherwise, donor restrictions on contributions of property and equipment or assets restricted for purchase of property and equipment are considered to expire when the assets are placed in service. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

11. Expense allocation

Directly identifiable expenses are charged to program services and supporting activities. Expenses related to more than one function are charged to programs and supporting services based on an estimate of amounts allocable to each function. The expenses that are allocated include personnel costs and travel which are allocated on the basis of estimates of time and effort. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

12. Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

13. Donated assets

Noncash donations are recorded as contributions at their estimated fair values at the date of donation.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

14. Donated services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provided tutoring and fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

15. Income taxes

The Organization is exempt from federal income tax under Internal Revenue Code Section 501(c)(3). The Organization has been classified as an organization other than a private foundation under Section 509(a)(2).

The Organization has not identified any uncertainties in federal or state income taxes for any open tax years as of December 31, 2023. The Organization is no longer subject to federal and state tax examinations by tax authorities generally for three years after they were filed. No authorities have commenced income tax examinations as of December 31, 2023.

B. CONCENTRATION OF CREDIT RISK

To Organization maintains its cash balances in one financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of December 31, 2023, the Organization's uninsured balances were \$314,243.

C. LEASE OBLIGATIONS

Operating lease – office space

The Organization signed a one-year operating lease commencing February 1, 2023, with COrTen Building, LLC. Lease expense was \$10,450 for the year ending December 31, 2023.

D. LIQUIDITY

The following reflects the Organization's financial assets as of the Statement of Financial Position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the Statement of Financial Position date.

	<u>December 31,</u> <u>2023</u>
Financial assets at year-end	\$ 8,103,609
Less those unavailable for general expenditures within one year, due to:	
Net assets restricted to purpose	<u>605,000</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 7,498,609</u>

E. DONATED SERVICES AND MATERIALS

The Organization received donated services and materials as follows during the year ended December 31, 2023:

	<u>Program services</u>	<u>Management and general</u>	<u>Fund-raising</u>	<u>Total</u>
Professional fees	\$ 538,400	\$ 16,092	\$ -	\$ 554,492
Software and subscriptions	1,681	48,835	-	50,516
Speaker fees	16,250	-	-	16,250
Fellow enrichment	<u>9,000</u>	<u>-</u>	<u>-</u>	<u>9,000</u>
	<u>\$ 565,331</u>	<u>\$ 64,927</u>	<u>\$ -</u>	<u>\$ 630,258</u>

F. RESTRICTIONS/LIMITATIONS ON NET ASSETS

The governing board of the Organization has net assets with donor restrictions for the following purposes:

	<u>December 31, 2023</u>
American Connection Corps national digital adoption initiative	\$ 562,500
Advance digital connectivity and community based support	17,500
Staff travel	<u>25,000</u>
Net assets with donor restrictions	<u>\$ 605,000</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors.

	<u>December 31, 2023</u>
American Connection Corps national digital adoption initiative	\$ 437,500
Advance digital connectivity and community based support	12,500
Affordable connectivity program	<u>20,000</u>
Net assets released from restriction	<u>\$ 470,000</u>

G. DEFINED CONTRIBUTION PLAN

The Organization has a 401(k) plan which provides for a salary reduction by participating employees and allows for an employer match of up to 4% of the eligible employees' compensation. During the current year, a matching contribution on the eligible employees' elective deferrals of their salaries was \$39,061.

H. CONTRACT ASSETS AND LIABILITIES

When the timing of the Organizations' revenue recognition is different from the timing of payments made by its customers, the Organization recognizes either a contract asset (performance precedes contractual due date) or a contract liability (customer payment precedes performance). Contract liabilities primarily relate to the Organization receiving the contract amount in advance and recognize revenue, as the fellows render services over the contract term. The Organization has contract liabilities of \$923,009 at December 31, 2023.

I. UNUSUAL AND INFREQUENT ITEM

The Organization settled a lawsuit in bankruptcy court related to contributions received by the Organization on April 20, 2022 by an entity that subsequently filed for bankruptcy. The bankruptcy proceeding was originally filed on November 14, 2022 and a negotiated settlement was reached subsequent to year end on May 31, 2024. The Organization agreed to refund part of the original contribution in the amount of \$300,000. The refunded contribution has been recognized as a liability in the Statement of Financial Position.

J. CHANGE IN ACCOUNTING PRINCIPLE

Effective January 1, 2023, the Organization adopted ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Organization adopted this new guidance utilizing the modified retrospective transition method. Topic 326 requires measurement and recognition of expected versus incurred losses for financial assets held. Financial assets held by the Organization that are subject to ASU 2016-13 include accounts receivable. The adoption of this ASU did not have a material impact on the Organization's financial statements.

K. SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 20, 2024, the date on which the financial statements were available to be used. Management's evaluation concluded there are no subsequent events required to be recognized or disclosed in these financial statements.

APPENDICES

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**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**

The Board of Directors
National Lead for America, Inc.
Dodge City, Kansas

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 National Lead for America, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 20, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered National Lead for America, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of National Lead for America, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of National Lead for America, 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether National Lead for America, Inc.'s financial statements are free of 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 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.

Kennedy McKee & Company LLP

September 20, 2024

Kennedy
McKee & Company LLP Certified Public Accountants

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

The Board of Directors
National Lead for America, Inc.
Dodge City, Kansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited National Lead for America, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of National Lead for America, Inc.'s major federal programs for the year ended December 31, 2023. National Lead for America, Inc.'s major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

In our opinion, National Lead for America, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of National Lead for America, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of National Lead for America, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to National Lead for America, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on National Lead for America, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about National Lead for America, Inc.'s compliance with the requirements of each major federal program as a whole.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding National Lead for America, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of National Lead for America, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of National Lead for America, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Kennedy McKee & Company LLP

September 20, 2024

NATIONAL LEAD FOR AMERICA, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended December 31, 2023

Federal grantor/ pass-through grantor/ program title	Federal CFDA number	Pass-through grantor's number	Passed through to subrecipients	Total federal expenditures
U.S. Corporation for National Community Service				
Direct program:				
AmeriCorps State and National	94.006	23ND253503	\$ -	\$ 2,454,658
Passed through the State of Minnesota:				
AmeriCorps ServeMinnesota	94.006	22AC243134	-	274,045
Passed through the New York State Commission:				
New York AmeriCorps	94.006	22AC247494	-	183,758
Passed through the Oregon				
AmeriCorps Oregon	94.006	N/A	-	22,200
Total federal awards			\$ -	\$ 2,934,661

The accompanying Notes to Schedule of Expenditures of
Federal Awards are an integral part of this statement.

NATIONAL LEAD FOR AMERICA, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended December 31, 2023

A. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of National Lead for America, Inc. under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirement of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operation of National Lead for America, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of National Lead for America, Inc.

B. BASIS OF ACCOUNTING

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

C. INDIRECT COST RATE

National Lead for America, Inc. has not elected to use the 10% de minimis cost rate as allowed under the Uniform Guidance.

NATIONAL LEAD FOR AMERICA, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended December 31, 2023

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of National Lead for America, Inc.
2. No significant deficiencies relating to the audit of the financial statements are reported in the 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*. No material weaknesses reported.
3. No instances of noncompliance material to the financial statements of National Lead for America, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance. No material weaknesses reported.
5. The auditor's report on compliance for the major federal award programs of National Lead for America, Inc. expresses an unmodified opinion on the major program.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.
7. The program tested as a major program was:

AmeriCorps State and National	CFDA 94.006
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8. The threshold for distinguishing between Type A and Type B programs was \$750,000.
9. National Lead for America, Inc. did not qualify as a low-risk auditee.

B. FINDINGS--FINANCIAL STATEMENTS AUDIT

None noted.

C. FINDINGS AND QUESTIONED COSTS--MAJOR FEDERAL AWARD PROGRAMS AUDIT

None noted.