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Leonard C. Sonnenberg, CPA

**REGIONAL TASK FORCE
ON THE HOMELESS, INC.**
Audited Financial Statements
Single Audit Reports
June 30, 2014

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ON THE HOMELESS, INC.**
Audited Financial Statements
Single Audit Reports
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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the Board of Director of
Regional Task Force on the Homeless, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Regional Task Force on the Homeless, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Regional Task Force on the Homeless, Inc as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Regional Task Force on the Homeless, Inc's June 30, 2013 financial statements, and our report dated September 30, 2013, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

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, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 April 2, 2015, on our consideration of Regional Task Force on the Homeless, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Regional Task Force on the Homeless, Inc's internal control over financial reporting and compliance.

April 2, 2015


Sonnenberg & Company, CPAs

Regional Task Force on the Homeless, Inc.
Statement of Financial Position
June 30, 2014
(With Comparative Totals for June 30, 2013)

	<u>2014</u>	<u>2013</u>
Assets:		
Cash	\$ 224,747	\$ 174,361
Accounts receivable	107,223	86,027
Prepaid expenses	8,739	7,015
Inventory - gift cards	1,389	5,720
Fixed Assets:		
Equipment	5,870	3,369
Less: Accumulated depreciation	<u>(2,663)</u>	<u>(1,123)</u>
Total Operating Assets	<u>345,305</u>	<u>275,369</u>
Fiscal Agent Funds (Note 8)	1,868	-
Total Non-Operating Assets	<u>1,868</u>	<u>-</u>
Total Assets	<u><u>\$ 347,173</u></u>	<u><u>\$ 275,369</u></u>
Liabilities:		
Accounts payable	\$ 10,243	\$ 9,529
Deferred revenue - service fees	25,215	21,153
Payroll and accrued liabilities	<u>17,703</u>	<u>10,792</u>
Total Operating Liabilities	<u>53,161</u>	<u>41,474</u>
Fiscal Agent Funds Payable (Note 8)	1,868	-
Total Non-Operating Liabilities	<u>1,868</u>	<u>-</u>
Total Liabilities	<u>55,029</u>	<u>41,474</u>
Net Assets:		
Unrestricted	253,811	222,197
Temporarily restricted	<u>38,333</u>	<u>11,698</u>
Total Net Assets	<u>292,144</u>	<u>233,895</u>
Total Liabilities & Net Assets	<u><u>\$ 347,173</u></u>	<u><u>\$ 275,369</u></u>

The Accompanying Notes are an Integral Part of the Financial Statements

Regional Task Force on the Homeless, Inc.
Statement of Activities
For the Year Ended June 30, 2014
(With Comparative Totals For The Year Ended June 30, 2013)

	2014			2013
	Temporarily		Total	Total
	Unrestricted	Restricted		
Support and Revenue:				
Contracts	\$ 695,784	\$ 160,000	\$ 855,784	\$ 643,148
Contributions	54,367	19,000	73,367	98,378
Service point annual support fees	70,898		70,898	64,003
Miscellaneous income	11,904		11,904	5,300
In-kind contribution			-	3,700
Net assets released from restrictions	152,365	(152,365)	-	-
Total support and revenue	985,318	26,635	1,011,953	814,529
Expenses:				
Program services	874,089		874,089	723,203
Management and general	79,615		79,615	63,888
Total expenses	953,704	-	953,704	787,091
Change in net assets	\$ 31,614	\$ 26,635	\$ 58,249	\$ 27,438
Net assets, beginning of year	222,197	11,698	233,895	206,457
Net assets, end of year	\$ 253,811	\$ 38,333	\$ 292,144	\$ 233,895

The Accompanying Notes are an Intergral part of the Financial Statements

Regional Task Force on the Homeless, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2014
(With Comparative Totals For The Year Ended June 30, 2013)

	2014			2013
	Program Services	Management and General	Total	Total
Expenses				
Personnel				
Salaries	\$ 470,971	\$ 52,330	\$ 523,301	\$ 411,404
Payroll taxes and fringe benefits	104,083	11,565	115,648	78,480
Subtotal	575,054	63,895	638,949	489,884
Other expenses				
Banking	617	69	686	546
Board development and meetings	9,219	1,024	10,243	6,964
Contract services	55,777	6,197	61,974	66,907
Depreciation	1,540		1,540	1,123
Dues and subscriptions	5,776	642	6,418	2,430
Information technology	13,490	1,499	14,989	6,086
In-kind donations			-	3,700
Insurance	4,706	523	5,229	5,597
Miscellaneous	2,069	230	2,299	-
Program equipment	13,867		13,867	2,163
Program expense - HMIS	133,139		133,139	135,861
Rent	31,985	3,554	35,539	34,853
Survey gift cards	8,104		8,104	8,000
Supplies	5,711	635	6,346	5,943
Travel and transportation	12,120	1,347	13,467	16,498
Volunteer recognition and training	915		915	536
Subtotal	299,035	15,720	314,755	297,207
 Total Expenses - 2014	\$ 874,089	\$ 79,615	\$ 953,704	\$ 787,091
 Total Expenses - 2013	\$ 723,203	\$ 63,888	\$ 787,091	

The Accompanying Notes are an Integral Part of the Financial Statements

Regional Task Force on the Homeless, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2014
(With Comparative Totals For The Year Ended June 30, 2013)

	2014	2013
Cash flows from operating activities:		
Change in net assets	\$ 58,249	\$ 27,438
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,540	1,123
(Increase) decrease in operating assets:		
Accounts receivable	(21,196)	(7,207)
Prepaid expenses	(1,724)	(1,316)
Inventory - gift cards	4,331	(3,480)
Increase (decrease) in operating liabilities:		
Accounts payable	714	(1,020)
Deferred revenue - service fees	4,062	4,064
Payroll and accrued liabilities	6,911	(2,351)
Net cash provided by operating activities	52,887	17,251
Cash flows from investing activities:		
Purchase of equipment	(2,501)	-
Net cash used in investing activities	(2,501)	-
Net change in cash	\$ 50,386	\$ 17,251
Beginning Cash	174,361	157,110
Ending Cash	\$ 224,747	\$ 174,361

The Accompanying Notes are an Integral Part of the Financial Statements

Regional Task Force on the Homeless, Inc.
Notes to Financial Statements
June 30, 2014

Note 1. Organization and Purpose:

Regional Task Force on the Homeless, Inc. (the Organization) was incorporated on June 17, 2004. The organization's exempt purpose is to provide information pertaining to homelessness, housing, employment, training and other support services for homeless persons. Since its inception, the organization has managed a centralized system for collecting, analyzing, and disseminating information on homelessness; published plans and special reports on a wide variety of topics relating to the causes, conditions, and responses to homelessness; and assisted homeless agencies and facilities in obtaining public and private funds and non-cash resources. The organization is sponsored by the City and County of San Diego, US Department of Housing and Urban Development (HUD), and other local jurisdictions.

Note 2. Income Tax Status:

The Organization is a nonprofit corporation organized under Internal Revenue Code Section 501(c)(3) and California R & T code 23701(d) whereby it is exempt from income taxes. Accordingly, no provision for income taxes is included in the accompanying financial statements.

The Organization has reviewed its position for all open tax years and believes it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization's federal and state Exempt Organization Tax Returns are subject to examination, generally for three years after they were filed.

Note 3. Summary of Significant Accounting Policies:

Basis of Accounting

The organization's accounting records are maintained on the accrual basis, whereby all support and revenues are recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Information regarding financial position and activities are reported according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets are all resources which the board of directors and management have discretion to use in carrying on the activities of the organization in accordance with its bylaws.

Regional Task Force on the Homeless, Inc.
Notes to Financial Statements
June 30, 2014

Note 3. Summary of Significant Accounting Policies (continued):

Temporarily or permanently restricted net assets are expendable only for purposes specified by the donor or grantor and/or passage of time. Contributions that are restricted by the donor are reported as increases in unrestricted net assets 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.

All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. The organization had \$38,333 of temporarily restricted net assets and no permanently restricted net assets at June 30, 2014.

Contributed Services

During the year ended June 30, 2014, the value of contributed services meeting the requirements of recognition in the financial statements in accordance with accounting principles generally accepted in the United States of America was not significant and has not been recorded by management.

Use of Estimates

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

Accounts Receivable

Accounts receivables consist of both amounts billed and unbilled for services provided. Management determines allowances for estimated uncollectible accounts based on past experience. Receivables are considered past due if not collected within 90 days. Accounts deemed uncollectible are written-off in the year deemed uncollectible.

Equipment

The organization capitalizes all expenditures for equipment in excess of \$1,000. Equipment is carried at cost or, if donated, at the approximate fair market value at the date of donation. The equipment is to be depreciated on the straight-line basis over a period of three years. Depreciation expense of \$1,540 was recorded as of June 30, 2014.

Equipment purchased with grant funds has been expensed in accordance with funding guidelines.

Regional Task Force on the Homeless, Inc.
Notes to Financial Statements
June 30, 2014

Note 3. Summary of Significant Accounting Policies (continued):

Revenue Recognition - Federal awards

The organization received federal awards from the United States Department of Housing and Urban Development's Supportive Housing Program for the purpose of managing our region's Homeless Management Information System (HMIS) and supporting the homeless service providers. Cost reimbursement, reported as revenue, is recorded pro-rata as expenses are incurred. Funding from the various cities often comes in the form of the United States Department of Housing and Urban Development's Community Development Block Grant Program (CDBG), federal funds issued to various local governments, which are then awarded to local nonprofit organizations and vendors.

Functional Expenses

A functional classification of expenses has been used to analyze the cost of providing various services or other activities, including program services, and management and general. Certain costs are allocated within the various categories. Program services include all expenses incurred by the organization for activities directly related to the purposes for which it exists. Management and general include all expenses incurred by the organization for supporting services.

Comparative Information

The comparative information shown for the previous year is included to provide a basis for comparison and presents summarized totals only. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United State of America. Accordingly, such information should be read in conjunction with the organizations financial statements for the year ended June 30, 2013, from which the summarized information was derived. Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Note 4. Service Point Annual Support Fees:

RTFH collected Homeless Management Information System (HMIS) Support fees directly from active HMIS service providers. Total fees billed were \$70,898 for the fiscal year ended June 30, 2014.

Regional Task Force on the Homeless, Inc.
Notes to Financial Statements
June 30, 2014

Note 5. Accounts Receivable

Accounts receivable at June 30, 2014 consist of the following:

Grants and Contracts	\$	59,605
Community Development Block Grant		27,930
San Diego Housing Commission		15,880
Service Point Fees		<u>3,808</u>
Total accounts receivable	\$	<u><u>107,223</u></u>

All amounts are expected to be received within one year.

Note 6. Contracts for Services:

RTFH contracts annually a ServicePoint License and Service Agreement which provides software maintenance and enhancement, customer support, dedicated hosting, and custom programming and implementation. RTFH paid \$76,716 under this contract for the year ended June 30, 2014. RTFH contracts annually a Training and Consulting agreement for ServicePoint. Total fees paid under this contract for the year ended June 30, 2014 were \$72,258.

Note 7. Contract Revenue:

Contract revenue for the year ended June 30, 2014 consists of the following:

U.S. Department of Housing and Urban Development (HUD)	\$	542,469
U.S. Department of Veteran Affairs		160,000
City of San Diego		55,000
County of San Diego (HCD)		50,000
Emergency Solutions Grants		26,318
County of San Diego (HHSA)		15,000
City of Chula Vista - CDBG		3,000
Veteran's Village of San Diego		<u>3,997</u>
Total	\$	<u><u>855,784</u></u>

Regional Task Force on the Homeless, Inc.
Notes to Financial Statements
June 30, 2014

Note 8. Fiscal Agent Agreements

The organization's Board of Directors approved fiscal agency as a service in 2014. All fiscal agency agreements are approved by the Board of Directors. One fiscal agency relationship was approved in 2014. The funds held in fiscal agency are the property of the individual entity, and managed by the organization.

At June 30, 2014, the organization held the following funds:

San Diego Regional Continuum of Care \$1,868

Note 9. Management Fee Revenue

The organization collects a fee for services performed under the fiscal agency agreement. The fee is based on 5% of fees collected or \$2.50 for each \$50.00 in membership fees collected.

Note 10. Lease Commitment:

The organization's office facilities are rented on an annual lease which runs from July 1, 2013 through June 30, 2014. Rent expense for the year ended June 30, 2014 was \$35,539. RTFH has renewed its lease for an additional year through June 30, 2015 at a similar rate.

Note 11. Contingencies and Concentrations:

Failure to fulfill the conditions in the U.S. Department of Housing and Urban Development (HUD) contracts and other grant and contracts could result in the return of funds to the grantor agencies. There can be no assurance that the organization will be able to obtain future grant agreements as deemed necessary by management. The loss of some of the current grants or the inability to obtain future grants could have an adverse effect on the organization's financial position and results of activities. Management believes that they will be able to continue obtaining appropriate agreements to fund future operations based on their historical ability to obtain new grant agreements and based on their relationships with awarding agencies.

The organization activities are funded primarily by HUD, which accounted for approximately 64% of total contract revenue for the year ended June 30, 2014. Of The organization's outstanding contracts receivable balance at June 30, 2014, 38% was due from HUD.

Regional Task Force on the Homeless, Inc.
Notes to Financial Statements
June 30, 2014

Note 12. Employee Benefit Plan:

During the fiscal year ended June 30, 2011, the organization adopted a defined contribution plan (the Plan) covering all employees who are expected to earn at least \$5,000 during the contribution year. The organization makes an annual contribution to the Plan up to 3% of all participants' compensation. Total expense for the year ended June 30, 2014 was \$12,743 and is included on the line payroll taxes and fringe benefits on the Statement of Functional Expenses.

Note 13. Temporarily Restricted Net Assets:

Temporarily Restricted Net Assets are as follows:

	Balance June 30, 2013	Received	Used	Balance June 30, 2014
PITC	\$ 1,600	\$	\$ 1,600	\$ -
Downtown SD Partnership	-	7,500	-	7,500
United Way	8,598	10,000	18,598	-
NAEHCY	1,500	1,500	3,000	-
Veteran Affairs	-	160,000	129,167	30,833
Total	<u>\$ 11,698</u>	<u>\$ 179,000</u>	<u>\$ 152,365</u>	<u>\$ 38,333</u>

Note 14. Subsequent Events:

The organization's management has evaluated subsequent events through April 2, 2015 the date the financial statements were available to be issued.

In August 2014, the organization entered into a fiscal agent agreement with 25 Cities – San Diego Design Team for an administrative fee equal to 5% of all funds received on behalf of 25 Cities.

Management is not aware of any other subsequent events that would require adjustment to, or disclosures in, the financial statements.



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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*

To the Board of Directors of
Regional Task Force on the Homeless, 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 Regional Task Force on the Homeless, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, 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 April 2, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Regional Task Force on the Homeless, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Regional Task Force on the Homeless, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 the 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 weakness or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies [2014-001 and 2014-002].

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Regional Task Force on the Homeless, 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item [2014-002].

Regional Task Force on the Homeless, Inc.'s Response to Findings

Regional Task Force on the Homeless, Inc.'s response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Regional Task Force on the Homeless, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

April 2, 2015



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors of
Regional Task Force on the Homeless, Inc.

Report on Compliance for Each Major Federal Program

We have audited Regional Task Force on the Homeless, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Regional Task Force on the Homeless, Inc.'s major federal programs for the year ended June 30, 2014. Regional Task Force on the Homeless, Inc.'s major federal programs are 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Regional Task Force on the Homeless, Inc.'s major federal programs 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Regional Task Force on the Homeless, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Regional Task Force on the Homeless, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Regional Task Force on the Homeless, 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 June 30, 2014.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item [2014-002]. Our opinion on each major federal program is not modified with respect to this matter.

Regional Task Force on the Homeless, Inc.'s response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Regional Task Force on the Homeless, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Regional Task Force on the Homeless, Inc. 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 Regional Task Force on the Homeless, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Regional Task Force on the Homeless, Inc.'s internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item [2014-001] that we consider to be a significant deficiency.

Regional Task Force on the Homeless, Inc.'s response to internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Regional Task Force on the Homeless, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Sonnenberg & Company, CPAs

April 2, 2015

Regional Task Force on the Homeless
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Program Title	Federal CFDA Number	Agency or Pass-Thru Number	Term	Federal Expenditures
U.S. Department of Housing and Urban Development				
Supportive Housing Program	14.235	CA0702B9D011104	11/01/12 - 10/31/13	\$ 154,598
	14.235	CA1114B9D011100	11/01/12 - 10/31/13	98,377
	Total 14.235			<u>252,975</u>
Continuum of Care Program	14.267	CA0702B9D011205	11/01/13 - 10/31/14	278,965
	14.267	CA1207L9D011200	03/01/14 - 02/28/15	10,529
	Total 14.267			<u>289,494</u>
Emergency Solutions Grants Program				
Pass-through from-				
County of San Diego	14.231	548756	06/05/14 - 06/30/14	2,150
Community Resource Center	14.231	N/A	07/01/13 - 06/30/14	2,450
Interfaith Shelter Network	14.231	N/A	07/01/13 - 06/30/14	1,587
South Bay Community Services	14.231	N/A	07/01/13 - 06/30/14	11,348
State of California				
Community Resource Center	14.231	12-ESG-8453	02/01/13 - 10/31/13	3,300
	14.231	12-ESG-8454	02/01/13 - 10/31/13	2,742
	14.231	12-ESG-8458	02/01/13 - 10/31/13	2,741
	Total 14.231			<u>26,318</u>
Community Development				
Block Grant/Entitlement Grants				
Pass-through from-				
County of San Diego	14.218	545590	07/01/13 - 06/30/14	50,000
City of Chula Vista	14.218	954	07/01/13 - 06/30/14	3,000
Total 14.218			<u>53,000</u>	
Community Compass Technical				
Assistance and Capacity Building				
Pass-through from-				
Veteran's Villages of San Diego	14.259	N/A	07/01/12 - 06/30/13	3,996
Total 14.259			<u>3,996</u>	
Total U.S. Department of Housing and Urban Development				<u>625,783</u>
Total Expenditures of Federal Awards				<u>\$ 625,783</u>

See Independent Auditor's Report

Regional Task Force on the Homeless, Inc.
Schedule of Expenditures of Federal Awards
June 30, 2014

Notes to the Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2014

Note A: Basis of Presentation

The Schedule presents total federal awards expended for each individual federal program in accordance with OMB Circular A-133. Federal award program titles are reported as presented in the Catalog of Federal Domestic Assistance (CFDA).

Note B: Basis of Accounting

The expenditures for each of the federal financial assistance programs are presented in the Schedule on the accrual basis of accounting.

Regional Task Force on the Homeless, Inc.
 Schedule of Findings and Questioned Costs
 Summary of Auditor's Results
 Year Ended June 30, 2014

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:		Unmodified
Internal control over financial reporting:		
• Material weakness identified?	_____yes	___ <u>X</u> ___no
• Significant deficiency identified that are not considered to be material weaknesses?	___ <u>X</u> ___yes	_____no
• Noncompliance material to financial statements noted?	_____yes	___ <u>X</u> ___no

Federal Awards:

Internal control over major programs:		
• Material weakness identified?	_____yes	___ <u>X</u> ___no
• Significant deficiency identified that are not considered to be material weaknesses?	___ <u>X</u> ___yes	_____no

Type of auditor's report issued on compliance with major programs:		Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of Circular A-133?	___ <u>X</u> ___yes	_____no

Identification of Major Program(s):

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.235	U.S. Department of Housing and Urban Development: Supportive Housing Program
14.267	U.S. Department of Housing and Urban Development: Continuum of Care Program

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? ___X___yes _____no

Regional Task Force on the Homeless, Inc.
Schedule of Findings and Questioned Costs (Continued)
Summary of Auditor's Results
Year Ended June 30, 2014

Section II – Financial Statement Findings

2014-001 Dual Signature Policy

Condition: During our testing of disbursements we noted 6 of 18 checks in excess of the \$5,000 threshold did not have the required signatures.

Criteria: All disbursements equal or greater than \$5,000 are required to have two signatures.

Cause: The dual signature policy was adopted by the Board of Directors at the beginning of the fiscal year ending June 30, 2014. The internal control process for verifying all checks over the \$5,000 threshold were signed by two authorized signors was not fully implemented during the year.

Effect: Disbursements equal to or greater than \$5,000 were not properly signed in accordance with the organizations internal control policy.

Views of Responsible Officials and Planned Corrective Action: All payments were for activities approved by the Board in the FY13-14 Budget, which included three checks for monthly medical employee premiums in the amounts of \$6,355.77, \$6,318.32 and \$5,409.86. The other three checks were payable to Adaptium (IT), Bowman Systems (HMIS) and Father Joe Villages in the amounts of \$9,671.95, \$8,875.00 and \$7,943.75 respectively. Corrective Action: Two check runs will be scheduled each week, one for checks below the two signature threshold and the second for checks above the two signature threshold, to ensure compliance.

Section III – Federal Award Findings and Questioned Costs

2014-002 Federal Audit Clearinghouse submission

Condition: The Single Audit Report was not submitted to the Federal Audit Clearinghouse within the required period.

Criteria: In accordance with OMB Circular A-133 the audit package and the data collection forms shall be submitted 30 days after receipts of the auditor's report, or 9 months after the end of the fiscal year end date, which ever comes first.

Cause: The Controller is responsible for providing all requested documentation and information to the Auditor in order to conduct the Audit timely. This became difficult due to other responsibilities and operational issues.

Regional Task Force on the Homeless, Inc.
Schedule of Findings and Questioned Costs (Continued)
Summary of Auditor's Results
Year Ended June 30, 2014

Section III – Federal Award Findings and Questioned Costs (continued)

Effect: Regional Task Force on the Homeless, Inc. is not in compliance with this requirement of OMB A-133.

Recommendation: We recommend Regional Task Force on the Homeless, Inc. obtain and complete the required audit within the required time period.

Views of Responsible Officials and Planned Corrective Action: RTFH formally notified the local HUD Field Office prior to the due that the Single Audit Report would be completed and submitted 30 days after the due date. HUD confirmed there is no enforcement action from their office if the grantee is 30 days late. HUD no longer issues extensions to the due date for Single Audit Report submissions. The report will be submitted by April 30, 2015. Corrective Action: RTFH increased staffing to ensure timely submission.

Section IV – Summary Schedule of Prior Year Findings

None.