



# Sonnenberg & Company, CPAs

A Professional Corporation

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Leonard C. Sonnenberg, CPA

## REGIONAL TASK FORCE ON THE HOMELESS, INC.

Audited Financial Statements

Single Audit Reports

June 30, 2016

**REGIONAL TASK FORCE  
ON THE HOMELESS, INC.**  
Audited Financial Statements  
Single Audit Reports  
June 30, 2016

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Leonard C. Sonnenberg, CPA

## 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, 2016, 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, 2016, 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.

## ***Other Matters***

### ***Report on Summarized Comparative Information***

We have previously audited the Regional Task Force on the Homeless, Inc's June 30, 2015 financial statements, and our report dated August 10, 2016, expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***Other information***

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 *Title 2 U.S. Code of Federal Regulations 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 December 12, 2017, 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.

December 12, 2017

  
Sonnenberg & Company, CPAs

**Regional Task Force on the Homeless, Inc.**  
**Statement of Financial Position**  
**June 30, 2016**  
**(With Comparative Totals for June 30, 2015)**

|                                     | <u>2016</u>              | <u>2015</u>              |
|-------------------------------------|--------------------------|--------------------------|
| <b>Assets:</b>                      |                          |                          |
| Cash                                | \$ 362,699               | \$ 46,545                |
| Accounts receivable                 | 62,458                   | 289,722                  |
| Prepaid expenses                    | 8,904                    | 7,866                    |
| Inventory - gift cards              | 5,986                    | 2,962                    |
| <b>Fixed Assets:</b>                |                          |                          |
| Equipment                           | 5,870                    | 5,870                    |
| Less: Accumulated depreciation      | (5,453)                  | (4,620)                  |
| Total Operating Assets              | <u>440,464</u>           | <u>348,345</u>           |
| Fiscal Agent Funds (Note 9)         | <u>4,423</u>             | <u>5,062</u>             |
| Total Non-Operating Assets          | <u>4,423</u>             | <u>5,062</u>             |
| Total Assets                        | <u><u>\$ 444,887</u></u> | <u><u>\$ 353,407</u></u> |
| <b>Liabilities:</b>                 |                          |                          |
| Accounts payable                    | \$ 29,114                | \$ 8,819                 |
| Deferred revenue - service fees     | 17,246                   | 17,843                   |
| Payroll and accrued liabilities     | <u>23,695</u>            | <u>19,237</u>            |
| Total Operating Liabilities         | <u>70,055</u>            | <u>45,899</u>            |
| Fiscal Agent Funds Payable (Note 9) | <u>4,423</u>             | <u>5,062</u>             |
| Total Non-Operating Liabilities     | <u>4,423</u>             | <u>5,062</u>             |
| Total Liabilities                   | <u><u>74,478</u></u>     | <u><u>50,961</u></u>     |
| <b>Net Assets:</b>                  |                          |                          |
| Unrestricted                        | 351,788                  | 283,946                  |
| Temporarily restricted              | <u>18,621</u>            | <u>18,500</u>            |
| Total Net Assets                    | <u>370,409</u>           | <u>302,446</u>           |
| Total Liabilities & Net Assets      | <u><u>\$ 444,887</u></u> | <u><u>\$ 353,407</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, 2016**  
**(With Comparative Totals For The Year Ended June 30, 2015)**

|                                       | 2016         |                           |              | 2015       |
|---------------------------------------|--------------|---------------------------|--------------|------------|
|                                       | Unrestricted | Temporarily<br>Restricted | Total        | Total      |
| Support and Revenue:                  |              |                           |              |            |
| Contracts                             | \$ 1,110,060 | \$                        | \$ 1,110,060 | \$ 991,765 |
| Contributions                         | 47,209       | 121                       | 47,330       | 94,796     |
| Service point annual support fees     | 62,581       |                           | 62,581       | 74,185     |
| Miscellaneous income                  | 10,034       |                           | 10,034       | 20,212     |
| Net assets released from restrictions | -            |                           | -            | -          |
| Total support and revenue             | 1,229,884    | 121                       | 1,230,005    | 1,180,958  |
| Expenses:                             |              |                           |              |            |
| Program services                      | 1,072,082    |                           | 1,072,082    | 1,088,176  |
| Management and general                | 89,960       |                           | 89,960       | 82,480     |
| Total expenses                        | 1,162,042    | -                         | 1,162,042    | 1,170,656  |
| Change in net assets                  | \$ 67,842    | \$ 121                    | \$ 67,963    | \$ 10,302  |
| Net assets, beginning of year         | 283,946      | 18,500                    | 302,446      | 292,144    |
| Net assets, end of year               | \$ 351,788   | \$ 18,621                 | \$ 370,409   | \$ 302,446 |

The Accompanying Note are an integral Part of the Financial Statements

**Regional Task Force on the Homeless, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2016**  
**(With Comparative Totals For The Year Ended June 30, 2015)**

|                                    | 2016                |                           |                     | 2015                |
|------------------------------------|---------------------|---------------------------|---------------------|---------------------|
|                                    | Program<br>Services | Management<br>and General | Total               | Total               |
| Expenses                           |                     |                           |                     |                     |
| Personnel                          |                     |                           |                     |                     |
| Salaries                           | \$ 574,687          | \$ 56,306                 | \$ 630,993          | \$ 563,161          |
| Payroll taxes and fringe benefits  | 127,158             | 11,068                    | 138,226             | 124,258             |
| Subtotal                           | 701,845             | 67,374                    | 769,219             | 687,419             |
| Other expenses                     |                     |                           |                     |                     |
| Banking                            | 947                 | 168                       | 1,115               | 729                 |
| Board development and meetings     | 5,814               | 1,026                     | 6,840               | 8,788               |
| Contract services                  | 57,812              | 10,203                    | 68,015              | 38,239              |
| Depreciation                       | 834                 |                           | 833                 | 1,957               |
| Dues and subscriptions             | 18,865              | 2,096                     | 20,961              | 7,286               |
| Information technology             | 11,663              | 1,296                     | 12,959              | 11,675              |
| Insurance                          | 5,729               | 45                        | 5,774               | 5,296               |
| Miscellaneous                      | 906                 | 27                        | 933                 | 7,979               |
| Program equipment                  | 8,913               |                           | 8,913               | 1,758               |
| Program expense - HMIS             | 199,503             |                           | 199,503             | 331,537             |
| Rent                               | 33,017              | 3,668                     | 36,685              | 33,998              |
| Survey gift cards                  | 12,506              |                           | 12,506              | 8,786               |
| Supplies                           | 5,061               | 2,740                     | 7,801               | 6,143               |
| Travel and transportation          | 7,461               | 1,317                     | 8,778               | 17,245              |
| Volunteer recognition and training | 1,206               |                           | 1,206               | 1,821               |
| Subtotal                           | 370,237             | 22,586                    | 392,822             | 483,237             |
| Total Expenses - 2016              | \$ <u>1,072,082</u> | \$ <u>89,960</u>          | \$ <u>1,162,041</u> | \$ <u>1,170,656</u> |
| Total Expenses - 2015              | \$ <u>1,088,176</u> | \$ <u>82,480</u>          | \$ <u>1,170,656</u> |                     |

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, 2016**  
**(With Comparative Totals For The Year Ended June 30, 2015)**

|  | <u>2016</u>       | <u>2015</u>      |
|--|-------------------|------------------|
| Cash flows from operating activities:  |                   |                  |
| Change in net assets   | \$ 67,963         | \$ 10,302        |
| Adjustments to reconcile change in net assets to<br>net cash provided by operating activities: |                   |                  |
| Depreciation   | 833               | 1,957            |
| (Increase) decrease in operating assets:   |                   |                  |
| Accounts receivable  | 227,264           | (182,499)        |
| Prepaid expenses   | (1,038)           | 873              |
| Inventory - gift cards   | (3,024)           | (1,573)          |
| Increase (decrease) in operating liabilities:  |                   |                  |
| Accounts payable   | 20,295            | (1,424)          |
| Deferred revenue - service fees  | (597)             | (7,372)          |
| Payroll and accrued liabilities  | 4,458             | 1,534            |
| Net cash provided (used) by operating activities   | <u>316,154</u>    | <u>(178,202)</u> |
| Net change in cash   | \$ 316,154        | \$ (178,202)     |
| Beginning Cash   | <u>46,545</u>     | <u>224,747</u>   |
| Ending Cash  | <u>\$ 362,699</u> | <u>\$ 46,545</u> |

The Accompanying Notes are an Integral Part of the Financial Statements

**Regional Task Force on the Homeless, Inc.**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 1.        Organization and Purpose:**

Regional Task Force on the Homeless, Inc. (RTFH) was incorporated on June 17, 2004. RTFH's exempt purpose is to provide information pertaining to homelessness, housing, employment, training and other support services for homeless persons. Since its inception, RTFH 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. RTFH 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:**

RTFH 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.

RTFH 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. RTFH'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**

RTFH'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, 2016**

**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. RTFH had \$18,621 of temporarily restricted net assets and no permanently restricted net assets at June 30, 2016.

Contributed Services

During the year ended June 30, 2016, 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

RTFH 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 \$833 was recorded as of June 30, 2016.

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, 2016**

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

Revenue Recognition - Federal awards

RTFH received federal awards from the U.S. 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 U.S. 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, 2015, 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.        Concentration of Credit Risk**

RTFH maintains cash balances at one financial institution. This account is insured by the Federal Deposit Insurance Corporation up to \$250,000. At times, the balance in the Organizations bank accounts may exceed federally insured deposit limits. RTFH has not experienced any losses in such accounts.

**Regional Task Force on the Homeless, Inc.**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 5.      Accounts Receivable**

Accounts receivable at June 30, 2016 consist of the following:

|  |    |               |
|--|----|---------------|
| U.S. Department of Housing and Urban Development (HUD) | \$ | 30,795        |
| South Bay Community Services                           |    | 7,664         |
| San Diego Housing Commission                           |    | 7,330         |
| County of San Diego Health & Human Services Agency     |    | 6,667         |
| PATH   |    | 4,390         |
| Other Sources  |    | 5,612         |
| Total accounts receivable                              | \$ | <u>62,458</u> |

All amounts are expected to be received within one year.

**Note 6.      Service Point Annual Support Fees:**

RTFH collected Homeless Management Information System (HMIS) Support fees directly from active HMIS service providers. Total fees billed were \$62,581 for the fiscal year ended June 30, 2016.

**Note 7.      Contract Revenue:**

Contract revenue for the year ended June 30, 2016 consists of the following:

|  |    |                  |
|--|----|------------------|
| U.S. Department of Housing and Urban Development (HUD) | \$ | 772,709          |
| Veteran Affairs  |    | 160,000          |
| San Diego County Housing and Community Development     |    | 96,650           |
| San Diego Housing Commission                           |    | 45,000           |
| Emergency Solutions Grants                             |    | 20,701           |
| County of San Diego (HHSA)                             |    | 15,000           |
| Total contract revenue                                 | \$ | <u>1,110,060</u> |

**Note 8.      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 \$169,403 under this contract for the year ended June 30, 2016. RTFH contracts annually a Training and Consulting agreement for ServicePoint. Total fees paid under this contract for the year ended June 30, 2016 were \$36,500.

**Regional Task Force on the Homeless, Inc.**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 9.        Fiscal Agent Agreements**

RTFH'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, and another was approved in 2015. The funds held in fiscal agency are the property of the individual entity, and managed by the Organization.

At June 30, 2016, RTFH held the following funds:

|                                      |            |
|--------------------------------------|------------|
| San Diego Regional Continuum of Care | \$ 4,127   |
| 25 Cities – San Diego Design Team    | <u>296</u> |
| Total                                | \$ 4,423   |

**Note 10.       Management Fee Revenue**

RTFH 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 11.       Lease Commitment:**

RTFH's office facilities are rented on an annual lease which runs from July 1, 2015 through June 30, 2016. Rent expense for the year ended June 30, 2016 was \$36,685. RTFH has renewed its lease for an additional year through June 30, 2017 at a similar rate.

**Note 12.       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.

RTFH activities are funded primarily by HUD, which accounted for approximately 70% of total contract revenue for the year ended June 30, 2016. Of the Organization's outstanding accounts receivable balance at June 30, 2016, 49% was due from HUD.

**Regional Task Force on the Homeless, Inc.**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 13.      Employee Benefit Plan:**

During the fiscal year ended June 30, 2011, RTFH adopted a defined contribution plan (the Plan) covering all employees who are expected to earn at least \$5,000 during the contribution year. RTFH makes an annual contribution to the Plan up to 3% of all participants' compensation. Total expense for the year ended June 30, 2016 was \$17,990 and is included on the line payroll taxes and fringe benefits on the Statement of Functional Expenses.

**Note 14.      Temporarily Restricted Net Assets:**

Temporarily restricted net assets comprised of the following at June 30, 2016:

|                     | Balance<br>June 30, 2015 | Received | Used | Balance<br>June 30, 2016 |
|---------------------|--------------------------|----------|------|--------------------------|
| Point in time count | \$ 18,500                | \$ 121   | \$   | \$ 18,621                |
| Total               | \$ 18,500                | \$ 121   | \$ - | \$ 18,621                |

**Note 15.      Date of Management's Review and Subsequent Events:**

RTFH's management has evaluated subsequent events through December 12, 2017 the date the financial statements were available to be issued.

On August 18, 2016, the Board approved absorption of the Regional Continuum of Care Council (RCCC) and Regional Task Force on the Homeless (RTFH) with the merged organization serving as the Infrastructure Organization (IO). Merging of the RCCC and RTFH consolidates all IO responsibilities and oversight under one authority while maximizing the current infrastructure, efficiencies and name recognition of the RTFH. It also helps the newly merged organization 1) maintain and improve image, reputation, and public support, 2) improve and expand services, and 3) increase the quality and stability of its operations.

As part of the action, the Executive Committee was directed to assess and recommend a viable action strategy for implementation of the approval. The Merger Task Force was formed to review and discuss remaining activities needed to finalize the merge. Those activities include: 1) outcomes, 2) transition plan, 3) long-term plan, 4) leadership and staff integration, 5) finance and operations integration, 6) programming integration, 7) communications plan, and 8) implementation plan with timeline.

**Regional Task Force on the Homeless, Inc.**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 15.      Date of Management's Review and Subsequent Events (continued):**

The RTFH Board met on December 5, 2016 to accept new Bylaws, appoint the current RCCC Board as RTFH Directors, and tendered their resignations contingent upon the RCCC Board accepting their positions as new directors of the RTFH. On January 19, 2017, the RCCC Board accepted their director appointments to the RTFH Board and accepted the resignation of the former RTFH Directors.

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



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Leonard C. Sonnenberg, CPA

## 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, 2016, 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 December 12, 2017.

### **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 a deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency [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.

December 12, 2017



Sonnenberg & Company, CPAs



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Leonard C. Sonnenberg, CPA

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

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 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, 2016. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2016.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2014-002 that we consider to be a significant deficiency.

Regional Task Force on the Homeless, Inc.'s response to the internal control over compliance findings 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

December 12, 2017

A handwritten signature in blue ink, appearing to read "Karl Chen", is positioned above the firm name.

Sonnenberg & Company, CPAs

**Regional Task Force on the Homeless, Inc.**  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2016

| <b>Federal Grantor/Pass-through<br/>Grantor/Program Title</b>                                | <b>Federal<br/>CFDA<br/>Number</b> | <b>Pass-through Entity<br/>Identifying Number</b> | <b>Term</b>         | <b>Total<br/>Federal<br/>Expenditures</b> |
|--|------------------------------------|---|---------------------|---|
| U.S. Department of Housing<br>and Urban Development  |                                    |   |                     |   |
| Continuum of Care Program  | 14.267                             | CA0702L9D011306                                   | 11/01/14 - 10/31/15 | \$ 249,312                                |
|  | 14.267                             | CA0702L9D011407                                   | 11/01/15 - 10/31/16 | 442,205                                   |
|  | 14.267                             | CA1207L9D011200                                   | 03/01/14 - 10/31/15 | 24,017                                    |
|  | 14.267                             | CA1114L9D011301                                   | 11/01/14 - 10/31/15 | 57,176                                    |
| Pass-through from-<br>County of San Diego Department of<br>Housing and Community Development | 14.267                             | unknown   |                     | 66,650                                    |
|  |                                    |   | Total 14.267        | 839,360                                   |
| Emergency Solutions Grants Program<br>Pass-through from-                                     |                                    |   |                     |   |
| County of San Diego  | 14.231                             | 548756  | 07/01/15 - 06/30/16 | 2,150                                     |
| Community Resource Center  | 14.231                             | unknown   | 07/01/15 - 06/30/16 | 2,450                                     |
| Interfaith Shelter Network   | 14.231                             | unknown   | 07/01/15 - 06/30/16 | 1,587                                     |
| South Bay Community Services   | 14.231                             | unknown   | 07/01/15 - 06/30/16 | 6,850                                     |
| City of Chula Vista<br>South Bay Community Services  | 14.231                             | unknown   | 07/01/15 - 06/30/16 | 7,664                                     |
|  |                                    |   | Total 14.231        | 20,701                                    |
| Community Development Block Grant<br>Pass-through from-                                      |                                    |   |                     |   |
| County of San Diego  | 14.218                             | 552549  | 07/01/15 - 06/30/16 | 30,000                                    |
|  |                                    |   | Total 14.218        | 30,000                                    |
| Total U.S. Department of Housing and Urban Development                                       |                                    |   |                     | 890,060                                   |
| Total Expenditures of Federal Awards   |                                    |   |                     | \$ 890,060                                |

*See accompanying notes to the Schedule of Expenditures of Federal Awards*

**Regional Task Force on the Homeless, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**June 30, 2016**

Notes to Schedule of Expenditures of Federal Awards For The Year Ended June 30, 2016

**Note A: Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Regional Task Force on the Homeless, Inc. under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of Regional Task Force on the Homeless, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Regional Task Force on the Homeless, Inc.

**Note B: Summary of Significant Accounting Policies**

Expenditures in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, OMB Circular A-122, Cost Principles for Non-Profit Organizations, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. Regional Task Force on the Homeless, Inc. has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Note C: Loans and Loan Guarantees**

Regional Task Force on the Homeless, Inc. did not receive any federal loans or loan guarantees nor did they have any federal loans outstanding during the year ended June 30, 2016.

**Regional Task Force on the Homeless, Inc.**  
**Schedule of Findings and Questioned Costs**  
**Summary of Auditor's Results**  
**Year Ended June 30, 2016**

**Section I – Summary of Auditor's Results**

Financial Statements:

|   |            |
|---|------------|
| Type of auditor's report issued on whether the financial statements audited were prepared in accordance with U.S. GAAP: | Unmodified |
|---|------------|

|   |    |
|---|----|
| Internal control over financial reporting:<br>Material weakness identified? | No |
|---|----|

|                                    |    |
|------------------------------------|----|
| Significant deficiency identified? | No |
|------------------------------------|----|

|   |    |
|---|----|
| Noncompliance material to financial statements noted? | No |
|---|----|

Federal Awards:

|  |            |
|--|------------|
| Type of auditor's report issued on compliance for the major program: | Unmodified |
|--|------------|

|   |    |
|---|----|
| Internal control over major program:<br>Material weakness identified? | No |
|---|----|

|                                    |     |
|------------------------------------|-----|
| Significant deficiency identified? | Yes |
|------------------------------------|-----|

|  |    |
|--|----|
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |
|--|----|

Identification of Major Program:

|                       |   |
|-----------------------|---|
| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|---|

|        |  |
|--------|--|
| 14.267 | U.S. Department of Housing and Urban Development:<br>Continuum of Care Program |
|--------|--|

|  |           |
|--|-----------|
| Dollar threshold used to distinguish between Type A and Type B programs: | \$750,000 |
|--|-----------|

|  |    |
|--|----|
| Auditee qualified as low-risk auditee? | No |
|--|----|

**Regional Task Force on the Homeless, Inc.**  
Schedule of Findings and Questioned Costs (Continued)  
Summary of Auditor's Results  
Year Ended June 30, 2016

**Section II – Financial Statement Findings**

No findings were reported.

**Section III – Federal Award Findings and Questioned Costs**

U.S. Department of Housing and Urban Development

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 section 200.512 of the Uniform Guidance the audit and the data collection forms must be submitted within the earlier of 30 calendar days after receipt of the auditor's report, or 9 months after the end of the audit period.

*Cause:* The Organization was unable to provide 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.

*Effect:* Regional Task Force on the Homeless, Inc. is not in compliance with this requirement the Uniform Guidance.

*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 recognizes the importance of a timely audit. The Chief Executive Officer and RTFH Board are committed to establishing and monitoring a critical path timeline to ensure a timely audit submission to the Federal Audit Clearinghouse. Corrective Action: 1. Begin the FY17 audit immediately and each subsequent year, begin the annual audit as soon as practical at the end of the Fiscal year. 2. If necessary, hire and retain additional accounting staff. Since the past year, a new CEO has been appointed, who is committed to timely audits.

**Regional Task Force on the Homeless, Inc.**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Summary of Auditor's Results**  
**Year Ended June 30, 2016**

**Section IV – Summary Schedule of Prior Year Findings**

U.S. Department of Housing and Urban Development

2014-002 Federal Audit Clearinghouse submission

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

*Planned Corrective Action:* RTFH increased staffing to ensure timely submission.

*Status:* Corrective action not taken. This finding was repeated for the year ended June 30, 2016.