



SAN DIEGO
**Regional Task Force
on Homelessness**

FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021



Leaf & Cole, LLP
Certified Public Accountants

REGIONAL TASK FORCE ON THE HOMELESS, INC.
FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 3
Statements of Financial Position	4
Statements of Activities	5
Statements of Functional Expenses	6
Statements of Cash Flows	7
Notes to Financial Statements	8 - 15
Schedule of Expenditures of Federal Awards	16 - 17
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	18 - 19
Independent Auditor's Report on Compliance for the Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	20 - 22
Schedule of Findings and Questioned Costs	23



Leaf & Cole, LLP
Certified Public Accountants
A Partnership of Professional Corporations

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Regional Task Force on the Homeless, Inc., dba Regional Task Force on Homelessness (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Regional Task Force on the Homeless, Inc., dba Regional Task Force on Homelessness as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 February 3, 2023, on our consideration of Regional Task Force on the Homeless, Inc., dba Regional Task Force on Homelessness' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Regional Task Force on the Homeless, Inc., dba Regional Task Force on Homelessness' 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., dba Regional Task Force on Homelessness' internal control over financial reporting and compliance.

Leaf & Cole LLP

San Diego, California
February 3, 2023

REGIONAL TASK FORCE ON THE HOMELESS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

ASSETS

	<u>2022</u>	<u>2021</u>
<u>Assets:</u> (Notes 2 and 4)		
Cash and cash equivalents:		
Unrestricted	\$ 2,037,134	\$ 2,011,459
Restricted	13,545,496	11,369,458
Accounts receivable, net	1,245,548	1,484,987
Prepaid expenses and other assets	106,527	103,773
Property and equipment, net	<u>123,077</u>	<u>122,227</u>
TOTAL ASSETS	\$ <u>17,057,782</u>	\$ <u>15,091,904</u>

LIABILITIES AND NET ASSETS

<u>Liabilities:</u> (Note 2)		
Accounts payable and accrued expenses	\$ 813,247	\$ 1,774,287
Accrued payroll and related liabilities	232,956	194,372
Deferred revenue	<u>13,419,574</u>	<u>11,203,628</u>
Total Liabilities	<u>14,465,777</u>	<u>13,172,287</u>
<u>Commitments and Contingency:</u> (Note 6)		
<u>Net Assets:</u> (Notes 2 and 5)		
Without donor restrictions	2,466,083	1,753,787
With donor restrictions	<u>125,922</u>	<u>165,830</u>
Total Net Assets	<u>2,592,005</u>	<u>1,919,617</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>17,057,782</u>	\$ <u>15,091,904</u>

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

REGIONAL TASK FORCE ON THE HOMELESS, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:						
Contracts	\$ 14,540,551	\$ -	\$ 14,540,551	\$ 17,841,834	\$ -	\$ 17,841,834
Service point annual support fees	481,329	-	481,329	409,684	-	409,684
Contributions	252,723	125,000	377,723	96,035	87,500	183,535
Miscellaneous	17,102	-	17,102	2,102	-	2,102
Membership fees	4,650	-	4,650	2,725	-	2,725
Net assets released from restrictions	164,908	(164,908)	-	173,530	(173,530)	-
Total Revenue and Support	<u>15,461,263</u>	<u>(39,908)</u>	<u>15,421,355</u>	<u>18,525,910</u>	<u>(86,030)</u>	<u>18,439,880</u>
Expenses:						
Program Services	14,038,892	-	14,038,892	17,289,199	-	17,289,199
Management and general	710,075	-	710,075	749,584	-	749,584
Total Expenses	<u>14,748,967</u>	<u>-</u>	<u>14,748,967</u>	<u>18,038,783</u>	<u>-</u>	<u>18,038,783</u>
Change in Net Assets	712,296	(39,908)	672,388	487,127	(86,030)	401,097
Net Assets at Beginning of Year	<u>1,753,787</u>	<u>165,830</u>	<u>1,919,617</u>	<u>1,266,660</u>	<u>251,860</u>	<u>1,518,520</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,466,083</u>	<u>\$ 125,922</u>	<u>\$ 2,592,005</u>	<u>\$ 1,753,787</u>	<u>\$ 165,830</u>	<u>\$ 1,919,617</u>

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

**REGIONAL TASK FORCE ON THE HOMELESS, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	2022			2021		
	Program Services	Management and General	Total	Program Services	Management and General	Total
<u>Salaries and Related Expenses:</u>						
Salaries and wages	\$ 1,886,199	\$ 226,410	\$ 2,112,609	\$ 1,674,808	\$ 252,484	\$ 1,927,292
Employee benefits	180,266	25,084	205,350	166,187	2,896	169,083
Payroll taxes	144,591	18,546	163,137	132,735	19,487	152,222
Total Salaries and Related Expenses	<u>2,211,056</u>	<u>270,040</u>	<u>2,481,096</u>	<u>1,973,730</u>	<u>274,867</u>	<u>2,248,597</u>
<u>Nonsalary Related Expenses:</u>						
Board development and meetings	6,764	2,476	9,240	6,028	1,213	7,241
Contracted services	147,324	184,372	331,696	101,148	278,682	379,830
Depreciation	-	49,659	49,659	-	45,370	45,370
Information technology	51,620	14,582	66,202	26,715	15,750	42,465
Insurance	663	12,116	12,779	-	11,943	11,943
Miscellaneous	20,495	26,739	47,234	1,537	6,852	8,389
Program expenses	373,026	75,678	448,704	315,583	61,850	377,433
Program expenses - HMIS	510,256	-	510,256	551,524	6,000	557,524
Rent	-	67,517	67,517	21,372	42,744	64,116
Subrecipient expense	10,665,175	-	10,665,175	14,239,531	-	14,239,531
Supplies	3,951	5,543	9,494	4,899	3,137	8,036
Travel and transportation	48,562	1,353	49,915	7,132	1,176	8,308
Uncollected fees	-	-	-	40,000	-	40,000
Total Nonsalary Related Expenses	<u>11,827,836</u>	<u>440,035</u>	<u>12,267,871</u>	<u>15,315,469</u>	<u>474,717</u>	<u>15,790,186</u>
Total Expenses	<u>\$ 14,038,892</u>	<u>\$ 710,075</u>	<u>\$ 14,748,967</u>	<u>\$ 17,289,199</u>	<u>\$ 749,584</u>	<u>\$ 18,038,783</u>

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

REGIONAL TASK FORCE ON THE HOMELESS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ 672,388	\$ 401,097
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	49,659	45,370
(Increase) Decrease in:		
Accounts receivable, net	239,439	(183,894)
Prepaid expenses and other assets	(2,754)	(71,793)
Increase (Decrease) in:		
Accounts payable and accrued expenses	(961,040)	(790,343)
Accrued payroll and related liabilities	38,584	23,599
Deferred revenue	2,215,946	(12,575,719)
Net Cash Provided by (Used in) Operating Activities	<u>2,252,222</u>	<u>(13,151,683)</u>
<u>Cash Flows From Investing Activities:</u>		
Purchases of property and equipment	<u>(50,509)</u>	<u>(20,004)</u>
Net Cash Used in Investing Activities	<u>(50,509)</u>	<u>(20,004)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,201,713	(13,171,687)
Cash and Cash Equivalents at Beginning of Year	<u>13,380,917</u>	<u>26,552,604</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 15,582,630</u>	<u>\$ 13,380,917</u>

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

REGIONAL TASK FORCE ON THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 1 - Organization:

Regional Task Force on the Homeless, Inc. (RTFH) dba Regional Task Force on Homelessness (as of July 2021) was incorporated on June 17, 2004 as a non-profit public benefit corporation.

Mission

RTFH exists to reduce and end homelessness in San Diego, ensuring that if this situation does happen for anyone, it remains a rare, brief and non-recurring instance; not an outcome.

Vision

RTFH is the homeless policy expert and lead coordinator for the introduction of new models in the San Diego region and implementation of best practices. Collaboration in the region and utilizing data are key ways to end homelessness, and we continue to expand the network of those who are touched by homelessness to improve lives.

RTFH is the San Diego Continuum of Care (CoC), designated by The U.S. Department of Housing and Urban Development (HUD). The CoC Program is designed to promote communitywide commitment to the goal of ending homelessness; provide funding for efforts by nonprofit providers, and State and local governments to quickly rehouse homeless individuals and families while minimizing the trauma and dislocation caused to homeless individuals, families and communities by homelessness; promote access to and affect utilization of mainstream programs by homeless individuals and families; and optimize self-sufficiency among individuals and families experiencing homelessness. RTFH has an 11-member Board of Directors to focus on the non-profit and a 31-member CoC Board that includes a diverse group of stakeholders: elected officials (Federal, state, and local), government agencies – including the U.S. Department of Veterans Affairs, County of San Diego, and cities – homeless services providers, faith-based organizations, law enforcement, healthcare partners, the education sector, philanthropy, business partners, persons with lived experience, advocates, and others.

RTFH became a direct funder in 2018, receiving \$18M in one-time state funding. RTFH entered into more than 25 sub-recipient agreements and successfully expended the full award by the grant deadline. RTFH also received \$8M from HUD, entering into agreements with 8 sub-recipients, and 18 separate project agreements. RTFH successfully administered over \$26M in YHDP and HEAP funds, serving more than 8,000 people including 805 youth. RTFH's revenue increased by \$13.4M (from \$2.1M to \$15.5M) resulting in an increase of more than 6 times the funding received in 16/17.

Since gaining 501(c)(3) status, RTFH has expanded its capacity and flexibility. With active leadership from its Board and its CEO, RTFH is seen as providing a constructive, apolitical voice, while adroitly managing relationships with elected officials. Other organizations in the region rely on RTFH for expertise in the field regarding securing of funding. In tactical operations, it is highly sought-after by other Continuums of Care (CoCs) for advice on HMIS; its active enlistment of Outreach Staff has led to improvements in the Point in Time (PIT) Count; and initiatives for Diversity, Equity, and Inclusion (DEI). RTFH has established itself as a leader among its peers. RTFH has received national recognition, hosting its first annual Conference on Homelessness in November 2022.

Regional Vision to end homelessness in San Diego

We will end homelessness throughout San Diego using a housing-focused, equity driven, and person-centered approach.

REGIONAL TASK FORCE ON THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 2 - Significant Accounting Policies:

Accounting Method

The financial statements of RTFH have been prepared on the accrual basis of accounting which is in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and, accordingly, reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes thereon are classified and reported as follows:

- Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value, and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy). RTFH had no financial instruments at June 30, 2022 and 2021.

Allowance for Doubtful Accounts

Bad debts are recognized on the allowance method based on historical experience and management's evaluation of outstanding receivables. The allowance for doubtful accounts receivables totaled \$25,000 and \$40,000 at June 30, 2022 and 2021, respectively.

REGIONAL TASK FORCE ON THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 2 - Significant Accounting Policies: (Continued)

Capitalization and Depreciation

RTFH capitalizes all expenditures in excess of \$1,000 for property and equipment at cost, while donations of property and equipment are recorded at their estimated fair values. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as support with donor restrictions. Absent donor stipulations regarding how those donated assets must be maintained, RTFH reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. RTFH reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment is depreciated using the straight-line method over the estimated useful asset lives.

Leasehold improvements	5 years
Furniture and fixtures	7 years
Office equipment and computers	3 years

Depreciation totaled \$49,659 and \$45,370 for the years ended June 30, 2022 and 2021, respectively.

Maintenance and repairs are charged to operations as incurred. Upon sale or disposition of property and equipment, the asset account is reduced by the cost and the accumulated depreciation account is reduced by the depreciation taken prior to the sale. Any resultant gain or loss is then recorded as income or expense.

Compensated Absences

Accumulated unpaid vacation totaling \$120,039 and \$97,961 at June 30, 2022 and 2021, respectively, is accrued when incurred and included in accrued payroll and related liabilities.

Revenue Recognition

Contracts

Contract revenue is recognized in the period in which the related work is performed in accordance with the terms of the contract. Accounts receivable are recorded when revenue earned under a contract exceeds the cash received. Grants and contracts receivables totaled \$897,022 and \$1,278,358 at June 30, 2022 and 2021, respectively. Deferred revenue is recorded when cash received under a contract exceeds the revenue earned. Deferred revenue from contracts totaled \$13,419,574 and \$11,203,628 at June 30, 2022 and 2021, respectively.

RTFH receives its grant support through direct and subgrantee awards from federal contracts. RTFH receives advances or is reimbursed for direct costs incurred in the conduct of its research and receives reimbursement for indirect costs on its research grants based on a fixed rate applied to direct costs. Direct and indirect costs incurred by RTFH and reimbursed by agencies of the United States Government are subject to audit by such agencies. Management believes the results of such audits will not have a material adverse effect on the financial position or results of operations of RTFH.

REGIONAL TASK FORCE ON THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 2 - Significant Accounting Policies: (Continued)

Revenue Recognition (Continued)

Service Point Annual Support Fees

Revenue from service point annual support fees is recognized as revenue based on actual activity and are billed quarterly in arrears.

Contributions

Contributions are recognized when the donor makes a promise to give to RTFH that is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Membership Fees

Membership fees are recognized as revenue when payment is received.

Donated Services and Support

RTFH utilizes the services of many volunteers throughout the year. This contribution of services by the volunteers is not recognized in the financial statements unless the services received (a) create or enhance nonfinancial assets, or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The donated services for the years ended June 30, 2022 and 2021 did not meet the requirements above; therefore, no amounts were recognized in the financial statements.

Functional Allocation of Expenses

The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. A portion of expenses that benefit multiple functional areas have been allocated between programs and supporting services based on internal records and estimates made by RTFH's management.

Income Taxes

RTFH is a public charity and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. RTFH believes that 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 is not a private foundation.

RTFH's Return of Organization Exempt from Income Tax for the years ended June 30, 2022, 2021, 2020, and 2019 are subject to examination by the Internal Revenue Service and State taxing authorities, generally three-to-four years after the returns were filed.

REGIONAL TASK FORCE ON THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 2 - Significant Accounting Policies: (Continued)

Concentrations

Credit Risk

RTFH maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. RTFH has not experienced any losses in such accounts. RTFH believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts Receivable and Revenue

RTFH receives a substantial portion of its funding from federal and state government agencies through direct and subgrantee grants. Contract revenue related to federal and state government grants through direct and subgrantee funding represented 94% and 97% of total revenue and support for the years ended June 30, 2022 and 2021, respectively. Accounts receivable from those contracts represented 73% and 87% of the total accounts receivable at June 30, 2022 and 2021, respectively.

Cash and Cash Equivalents

For purposes of the statements of cash flows, RTFH considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Amounts generally described as restricted cash and restricted cash equivalents have been included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statements of cash flows. The following is a reconciliation of cash and restricted cash reported within the balance sheets that sum to the total in the statements of cash flows at June 30:

	<u>2022</u>	<u>2021</u>
Unrestricted cash	\$ 2,037,134	\$ 2,011,459
Restricted cash:		
Restricted by grant agreements	13,419,574	11,203,628
Restricted by donor restrictions	<u>125,922</u>	<u>165,830</u>
Total Cash and Restricted Cash	<u>\$ 15,582,630</u>	<u>\$ 13,380,917</u>

Accounting Pronouncements Adopted

In September 2020, the FASB issued ASU No. 2020-07, Presentations and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958). ASU 2020-07 improves transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit entities. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, along with expanded disclosure requirements. This standard is applied on a retrospective basis. The adoption had no effect on the 2022 financial statements.

Subsequent Events

In preparing these financial statements, RTFH has evaluated events and transactions for potential recognition or disclosure through February 3, 2023, the date the financial statements were available to be issued, and concluded that there were no events or transactions that needed to be disclosed except as disclosed in Note 7.

REGIONAL TASK FORCE ON THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 3 - Liquidity and Availability:

RTFH regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. RTFH considers investment income without donor restrictions, contributions without donor restrictions, and contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations, to be available to meet cash needs for general expenditures. For purposes of analyzing resources available to meet general expenditures over a 12-month period, RTFH considers all expenditures related to its ongoing activities, as well as the conduct of services undertaken to support those activities, to be general expenditures.

Financial assets available for general expenditure within one year, are comprised of the following at June 30:

	<u>2022</u>	<u>2021</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 15,582,630	\$ 13,380,917
Accounts receivable	<u>1,245,548</u>	<u>1,484,987</u>
Financial assets available for general expenditures within one year	<u>\$ 16,828,178</u>	<u>\$ 14,865,904</u>

In addition to financial assets available to meet general expenditures over the next 12 months, RTFH operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

Note 4 - Property and Equipment:

Property and equipment consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Computer equipment	\$ 119,158	\$ 68,649
Furniture and fixtures	49,870	49,870
Leasehold improvements	<u>95,413</u>	<u>95,413</u>
Subtotal	264,441	213,932
Less: Accumulated depreciation	<u>(141,364)</u>	<u>(91,705)</u>
Property and Equipment, Net	<u>\$ 123,077</u>	<u>\$ 122,227</u>

Note 5 - Net Assets With Donor Restrictions:

Net assets with donor restrictions represent contributions received or receivable by RTFH, which are limited in their use by time or donor-imposed restrictions. Net assets with donor restrictions are available for the following purpose at June 30:

	<u>2022</u>	<u>2021</u>
Subject to Expenditure for Specified Purpose:		
Staff positions - COO and Development	\$ 53,799	\$ 94,142
Racial equity support	50,000	-
Youth homelessness	22,123	-
Homeless Management Information System (HMIS)	-	51,873
Workforce Partnership	<u>-</u>	<u>19,815</u>
Total Net Assets with Donor Restrictions	<u>\$ 125,922</u>	<u>\$ 165,830</u>

REGIONAL TASK FORCE ON THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 5 - Net Assets With Donor Restrictions: (Continued)

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose, or by the occurrence of the passage of time or other events specified by the donors, are as follows for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Purpose Restrictions Accomplished:		
Youth homelessness	\$ 52,877	\$ -
Homeless Management Information System (HMIS)	51,873	55,472
Staff positions - COO and Development	40,343	95,674
Workforce Partnership	19,815	22,384
Total Net Assets Released from Restrictions	<u>\$ 164,908</u>	<u>\$ 173,530</u>

Note 6 - Commitments and Contingency:

Office Lease

RTFH entered into an operating lease agreement for facilities through December 31, 2024. Rent expense totaled \$67,517 and \$64,116 for the years ended June 30, 2022 and 2021, respectively.

The following is a schedule of estimated future minimum lease payments under the lease:

<u>Years Ended</u> <u>June 30</u>	
2023	\$ 46,109
2024	36,136
2025	<u>18,321</u>
	<u>\$ 100,566</u>

Retirement Plan

RTFH has a retirement benefit plan (the “Plan”) for eligible employees. The Plan allows for employee contributions up to the maximum amount allowed by the Internal Revenue Code. RTFH makes an annual contribution to the Plan up to 3% of eligible participant contributions. RTFH’s contribution to the Plan totaled \$30,859 and \$24,263 for the years ended June 30, 2022 and 2021, respectively.

Coronavirus Pandemic Contingency

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. RTFH is closely monitoring its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on RTFH’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on RTFH’s grantors, donors, employees, and vendors, all of which at present cannot be determined. Accordingly, the extent to which COVID-19 may impact RTFH’s financial position and changes in net assets and cash flows is uncertain, and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

REGIONAL TASK FORCE ON THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 7 - Subsequent Event:

Subsequent to year-end, RTFH received a gift of \$5 million from the Bezos Day 1 Families Fund.

**REGIONAL TASK FORCE ON THE HOMELESS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grants/Pass -Through Grantor/Program or Cluster Title	Assistance Listing Number	Agency or Pass-Through Number	Term	Pass Through to Subrecipient	Federal Expenditures	Total Federal Expenditures
<u>U.S. Department of Housing and Urban Development:</u>						
Direct Programs:						
Continuum of Care Program	14.267	CA0702L9D011912	11/1/20-10/31/21	-	191,406	191,406
		CA0702L9D012013	11/1/21-10/31/22	-	521,704	521,704
		CA1511L9D011904	11/1/20-10/31/21	-	243,880	243,880
		CA1511L9D012005	11/1/21-10/31/22	-	450,268	450,268
		CA1880D9D011900	11/1/20-10/31/21	-	139,399	139,399
		CA1880D9D012001	11/1/21-10/31/22	-	215,333	215,333
		CA1881L9D011900	9/1/20-8/31/21	-	131,259	131,259
		CA1947L9D012000	9/1/21-8/31/22	-	702,834	702,834
		CA1814Y9D012001	12/1/21-11/30/22	93,344	4,402	97,746
		CA1815Y9D012001	12/1/21-11/30/22	253,805	16,791	270,596
		CA1816Y9D012001	12/1/21-11/30/22	1,194,483	55,950	1,250,433
		CA1817Y9D012001	12/1/21-11/30/22	281,084	17,322	298,406
		CA1818Y9D012001	12/1/21-11/30/22	77,608	4,466	82,074
		CA1819Y9D012001	12/1/21-11/30/22	-	30,775	30,775
		CA1820Y9D012001	12/1/21-11/30/22	-	69,699	69,699
Total Continuum of Care Program				<u>1,900,324</u>	<u>2,795,488</u>	<u>4,695,812</u>
Youth Homelessness Demonstration Program	14.276					
		CA1814Y9D011700	12/1/19-11/30/21	96,313	8,382	104,695
		CA1815Y9D011700	12/1/19-11/30/21	650,787	25,160	675,947
		CA1816Y9D011700	12/1/19-11/30/21	1,615,397	96,608	1,712,005
		CA1817Y9D011700	12/1/19-11/30/21	495,794	24,460	520,254
		CA1818Y9D011700	12/1/19-11/30/21	173,023	4,039	177,062
		CA1819Y9D011700	12/1/19-11/30/21	-	32,486	32,486
		CA1820Y9D011700	12/1/19-11/30/21	-	30,408	30,408
Total Youth Homelessness Demonstration Program				<u>3,031,314</u>	<u>221,543</u>	<u>3,252,857</u>
Total Direct Programs				<u>4,931,638</u>	<u>3,017,031</u>	<u>7,948,669</u>
Pass-Through Programs From:						
<u>CDBG - Entitlement Grants Cluster:</u>						
Community Development Block Grant	14.218					
County of San Diego		B-20-UC-06-0501	11/1/20-10/31/21	-	21,942	21,942
County of San Diego		B-21-UC-06-0501	11/1/21-10/31/22	-	113,306	113,306
Total Community Block Grant				<u>-</u>	<u>135,248</u>	<u>135,248</u>
Total CDBG - Entitlement Grants Cluster				<u>-</u>	<u>135,248</u>	<u>135,248</u>
Total Pass-Through Programs				<u>-</u>	<u>135,248</u>	<u>135,248</u>
Total U.S. Department of Housing and Urban Development				<u>4,931,638</u>	<u>3,152,279</u>	<u>8,083,917</u>
Total Expenditures of Federal Awards				<u>\$ 4,931,638</u>	<u>\$ 3,152,279</u>	<u>\$ 8,083,917</u>

REGIONAL TASK FORCE ON THE HOMELESS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

Note 1 - Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of RTFH under programs of the federal government for the year ended June 30, 2022. 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 RTFH, it is not intended to and does not present the financial position, changes in net assets, or cash flows of RTFH.

Note 2 - Summary of Significant Accounting Policies:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations* or the cost principles contained in 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.

RTFH has elected not to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance.



Leaf & Cole, LLP
Certified Public Accountants
A Partnership of Professional Corporations

**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
Regional Task Force on the Homeless, Inc.
dba Regional Task Force on Homelessness

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., dba Regional Task Force on Homelessness (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated February 3, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Regional Task Force on the Homeless, Inc., dba Regional Task Force on Homelessness' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Regional Task Force on the Homeless, Inc., dba Regional Task Force on Homelessness' internal control. Accordingly, we do not express an opinion on the effectiveness of Regional Task Force on the Homeless, Inc., dba Regional Task Force on Homelessness' internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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

Page 2

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Regional Task Force on the Homeless, Inc., dba Regional Task Force on Homelessness' 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Leaf & Cole LLP

San Diego, California
February 3, 2023



Leaf & Cole, LLP
Certified Public Accountants
A Partnership of Professional Corporations

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

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

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Regional Task Force on the Homeless, Inc., dba Regional Task Force on Homelessness' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on Regional Task Force on the Homeless, Inc., dba Regional Task Force on Homelessness' major federal program for the year ended June 30, 2022. Regional Task Force on the Homeless, Inc., dba Regional Task Force on Homelessness' major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Regional Task Force on the Homeless, Inc., dba Regional Task Force on Homelessness complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above, and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Regional Task Force on the Homeless, Inc., dba Regional Task Force on Homelessness' federal program.

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above, and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Leaf & Cole LLP

San Diego, California
February 3, 2023

**REGIONAL TASK FORCE ON THE HOMELESS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

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 to U.S. GAAP:

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

_____ Yes X No

Significant deficiencies identified not considered to be material weaknesses?

_____ Yes X No

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

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

Unmodified

Internal control over major program:

Material weaknesses identified?

_____ Yes X No

Significant deficiencies identified?

_____ Yes X No

Any audit findings disclosed that are required to be reported in accordance with 2CFR Section 200.516(a)

_____ Yes X No

Identification of major program:

Assistance Listing Number

Name of Federal Program or Cluster

14.276

Youth Homelessness Demonstration Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 X Yes _____ No

Section II - Financial Statement Findings:

None

Section III - Federal Award Findings and Questioned Costs:

None