

**EVICTION DEFENSE COLLABORATIVE, INC.**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORTS**

**JUNE 30, 2022**

# EVICTION DEFENSE COLLABORATIVE, INC.

June 30, 2022

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## **Independent Auditor's Report**

To the Board of Directors  
Eviction Defense Collaborative, Inc.  
San Francisco, California

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

I have audited the accompanying financial statements of Eviction Defense Collaborative, Inc. (a nonprofit organization), which comprise the statements 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.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Eviction Defense Collaborative, Inc. as of June 30, 2022, 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.

#### ***Basis for Opinion***

I conducted my 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Eviction Defense Collaborative, Inc. and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

#### ***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 the Eviction Defense Collaborative, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- 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 the Eviction Defense Collaborative, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Eviction Defense Collaborative, Inc.'s ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

#### ***Supplementary Information***

My 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 my opinion, the schedule of expenditures of federal awards 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*, I have also issued my report dated December 30, 2022 on my consideration of the Eviction Defense Collaborative, Inc.'s internal control over financial reporting and on my 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 my 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 the Eviction Defense Collaborative, Inc.' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Eviction Defense Collaborative, Inc.' internal control over financial reporting and compliance.

*Allan Liu*

Certified Public Accountant  
Millbrae, California  
December 30, 2022

**EVICTION DEFENSE COLLABORATIVE, INC.**

**Statements of Financial Position**

**June 30, 2022**

ASSETS

Current assets	
Cash and cash equivalents	\$ 1,209,293
Grants receivable	3,697,014
Prepaid expenses	36,615
Total current assets	<u>4,942,922</u>
Noncurrent assets	
Restricted cash	128,169
Furniture and equipment, net of accumulated depreciation	16,740
Deposits	144,272
Total Noncurrent assets	<u>289,181</u>
Total assets	<u>\$ 5,232,103</u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable	\$ 1,012,051
Accrued compensation	1,086,416
Deposit payable	128,169
Total current liabilities	<u>2,226,636</u>
Noncurrent liabilities	
Deferred revenue	293,099
Grant Advance (note 7)	1,102,360
Total Noncurrent liabilities	<u>1,395,459</u>
Total liabilities	<u>3,622,095</u>
Net assets	
Without Donor Restrictions	1,388,760
With Donor Restriction	221,248
Total net assets	<u>1,610,008</u>
Total liabilities and net assets	<u>\$ 5,232,103</u>

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

**EVICTION DEFENSE COLLABORATIVE, INC.****Statements of Activities****For the Year Ended June 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Grants and contracts	\$ 18,282,383	\$ -	\$ 18,282,383
Clients contributions	496	-	496
Foundation grants	171,243	496,666	667,909
Donations	99,860	-	99,860
Litigation/Attorney Fees	80,630	-	80,630
Net assets released from restriction	521,769	(521,769)	-
Total support and revenue	19,156,381	(25,103)	19,131,278
Expenses			
Programs			
Legal Services	8,270,231	-	8,270,231
Case mgmt. and rental assistance	8,807,683	-	8,807,683
Shelter advocates	560,356	-	560,356
Total Programs	17,638,270	-	17,638,270
Management and general	1,248,375	-	1,248,375
Fundraising	1,750	-	1,750
Total Expenses	18,888,394	-	18,888,394
Change in net assets	267,987	(25,103)	242,884
Net assets-beginning	1,120,773	246,351	1,367,124
Net assets-ending	\$ 1,388,760	\$ 221,248	\$ 1,610,008

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

**EVICTION DEFENSE COLLABORATIVE, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**For the Year Ended June 30, 2022**

	Program						Total
	Legal Services	Case Mgmt. & Rental Assistance	Shelter Advocates	Program Total	Management and General	Fundraising	
Salaries	\$ 3,034,240	\$ 1,281,549	\$ 389,922	\$ 4,705,710	\$ 752,637		\$ 5,458,347
Fringe benefits	754,919	318,849	97,013	1,170,781	187,973		1,358,753
Rental assistance		6,390,908		6,390,908	-	-	6,390,908
Subcontractor	3,345,425			3,345,425	-	-	3,345,425
Contractor/services	53,038	3,337	1,250	57,625	99,075	-	156,700
Occupancy	416,946	293,377	21,551	731,874	41,413	-	773,287
Insurance	22,508	14,075	5,110	41,693	2,869		44,562
Accounting,bookkeeping & audit	85,971	5,409		91,380	73,936		165,317
Supplies	133,530	189,259	1,118	323,907	3,374		327,282
Equipment lease & repair	11,178	10,712	-	21,889	95	14	21,998
Volunteer expenses	27,958			27,958	274	-	28,232
Fundraising		-		-	-	1,592	1,592
IT & telecommunications	116,779	143,516	24,652	284,947	12,246		297,193
Professional license fees	9,938	-	-	9,938	3,700	-	13,638
Staff training & reference materials	14,226	36,508	8,384	59,118	2,547	-	61,665
Interest & bank fees	-	-		-	2,543	-	2,543
Depreciation	-	-		-	15,208	-	15,208
Advertising & recruiting	14,975	58,225		73,200	33,342	2	106,543
Program expense	158,887	8,626	-	167,512	238	35	167,784
Office Renovation	2,262	1,790		4,052	875	-	4,927
Utilities	67,451	50,983	11,275	129,709	11,887	94	141,690
Miscellaneous	-	561	81	642	4,144	14	4,800
<b>Total</b>	<b>\$ 8,270,231</b>	<b>\$ 8,807,683</b>	<b>\$ 560,356</b>	<b>\$ 17,638,270</b>	<b>\$ 1,248,375</b>	<b>\$ 1,750</b>	<b>\$ 18,888,394</b>

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

**EVICTION DEFENSE COLLABORATIVE, INC.**

**Statements of Cash Flows**

**For the Year Ended June 30, 2022**

Cash flows from operating activities	
Change in net assets	\$ 242,884
Adjustments to reconcile change in net assets to net cash from operating activities	
Depreciation	15,208
Decrease (increase) in accounts receivable	1,700
Decrease (increase) in grants receivable	(1,788,673)
Decrease (increase) in prepaid expenses	17,275
Decrease (increase) in deposits	(85,000)
Increase (decrease) in accounts payable	531,678
Increase (decrease) in accrued compensation	537,331
Increase (decrease) in deferred revenue	13,216
Net cash provided (used) by operating activities	<u>(514,381)</u>
Cash flows from financing activities	
Grant advance	<u>(577,640)</u>
Net cash provided (used) by financing activities	<u>(577,640)</u>
Net increase in cash and cash equivalents	(1,092,021)
Cash and cash equivalents - beginning of year	<u>2,301,314</u>
Cash and cash equivalents - end of year	<u>\$ 1,209,293</u>
Interest paid	<u>\$ -</u>

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



**EVICTION DEFENSE COLLABORATIVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

(1) ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Eviction Defense Collaboration Mission and Strategies***

Eviction Defense Collaborative, Inc., “EDC”, is a nonprofit corporation organized in 1999 in the State of California. Located in San Francisco, California, EDC’s mission is to prevent homelessness, preserve affordable housing, and protect diversity in San Francisco through the provision of high-quality, free legal services and referrals to tenants, advocacy to shelter clients, and emergency rental assistance. EDC was one of the first housing organizations to combine services for shelter clients, tenants in publicly owned housing, and tenants in privately owned housing in one organization, breaking traditional silos in the housing movement, to build a broad, intersectional approach to regional housing stability.

EDC is the principal partner with the City of San Francisco for the implementation of Tenant Right to Counsel (TRC) program and oversees the work of 9 legal service organizations across the city. The core strategy at EDC begins with ensuring San Francisco tenants have daily access to emergency eviction prevention services. EDC operates walk-in clinics to San Francisco tenants navigating the eviction process. EDC’s clinic functions as an intake and referral clinic for all tenant legal services providers in San Francisco through which clients can access legal services and/or emergency rental assistance. EDC’s legal services include full scope legal representation, emergency pro per assistance, and pairing tenants with full scope representation within the TRC system. Working collaboratively with all the TRC eviction defense attorneys in San Francisco, EDC’s Rental Assistance Disbursement Component (RADCo) provides one-time rental assistance to individuals and families facing eviction in all stages of the eviction process, and has recently added two subsidy programs to EDC’s wrap around Homelessness Prevention service model. Historically, EDC provided emergency pro per eviction prevention legal services to unrepresented tenants. EDC restructured its programs to better align with its role as lead partner with the City and County of San Francisco for the implementation of the Tenant Right to Counsel program (also known as Prop F or the No Eviction Without Representation Act).

***Basis of Accounting*** – The accompanying financial statements are presented using the accrual method of accounting.

***Financial Statement Presentation*** – In accordance with U.S. Generally Accepted Accounting In accordance with U.S. Generally Accepted Accounting Principles, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein 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.

**EVICTION DEFENSE COLLABORATIVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

***Use of Estimates*** – The preparation of financial statements, in conformity with U.S. generally accepted accounting principles 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.

***Cash and Cash Equivalents*** – Cash and cash equivalents consist of cash and checking accounts with financial institutions.

***Revenue Recognition*** - All contributions are considered available unless specifically restricted by the donor. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Amounts received that are designated for future periods or restricted by the donor are reported as support with donor restrictions. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which period in which the related services performed or expenditures are incurred.

***Receivables***- No allowance for doubtful accounts is made since management believes that all receivables are collectible.

***Furniture and Equipment*** – All acquisitions of furniture and equipment in excess of \$2,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Furniture and equipment is carried at cost, or if donated, at the approximate fair value at the date of donation. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets, which range from five to seven years.

***Functional Allocation of Expenses*** – The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

***Income Taxes*** – EDC is exempt from Federal income and California franchise taxes under provisions of Section 501(c) (3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code, respectively. However, tax-exempt organizations are still subject to Federal income and California franchise taxes for unrelated business income.

Management has considered this issue and believes that all of the positions taken in the federal and state tax returns are more likely than not to be sustained upon examination. The federal and state taxing authorities generally can examine the tax returns for three years and four years after they are filed or the due date of the return, whichever is later, respectively.

***Recent Accounting Guidance*** - In June 2018, the Financial Accounting Standards Board (FASB) issued ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958). The ASU clarifies and improves guidance for contributions received and contributions made and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities. The change in accounting principle was adopted on a retrospective prospective basis on July 1, 2018. There was no cumulative-effect adjustment to

**EVICTION DEFENSE COLLABORATIVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

opening net assets without donor restrictions or opening net assets with donor restrictions as of July 1, 2019.

In February 2016, the FASB issued ASU 2016-02, *Leases* (ASU 2016-02). ASU 2016-02 establishes a comprehensive new lease accounting model. The new standard clarifies the definition of a lease and causes lessees to recognize leases on the statement of financial position as a lease liability with a corresponding right-of-use asset for leases with a lease term of more than one year. ASU 2016-02 is effective for financial statements issued for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years. Early adoption is permitted. The new standard requires a modified retrospective transition for capital or operating leases existing at or entered into after the beginning of the earliest comparative period presented in the financial statements, but it does not require transition accounting for leases that expire prior to the date of initial application. The Organization is currently evaluating the impact of adopting this new guidance on its financial statements

***Fair Value Measurements*** – Generally accepted accounting principles provide guidance on how fair value should be determined on financial statement elements that are required to be measured at fair value. There are three levels to the fair value hierarchy based on the degree of objectivity of inputs used with each level:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the assets or liability. Unobservable inputs reflect the Organization's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Organization's own data.

The Organization had no assets or liabilities recorded at fair value on June 30, 2022.

(2) CONCENTRATION OF CREDIT RISK

EDC maintains its cash and cash equivalents at a financial institution. Federal Deposit Insurance Corporation (FDIC) provides insurance for \$250,000 per depositor, per insured bank.

Also, at June 30, 2022, the balance in one bank exceeded the FDIC insurance limit by \$2,124,187. Management believes the EDC is not exposed to any significant credit risk to cash.

**EVICTION DEFENSE COLLABORATIVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

(3) GRANTS RECEIVABLE

The grants receivable are as follows as of June 30, 2022:

City/County of S.F.- Human Services Agency	\$ 1,909,758
Mayor's Office of Housing	1,670,577
Give2SF	22,274
Shelter Advocates	<u>94,405</u>
Total	<u>\$ 3,697,014</u>

(4) FURNITURE AND EQUIPMENT

Fixed assets balances and activity were as follows:

<u>Depreciable assets</u>	<u>Balance at</u> <u>7/1/2021</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at</u> <u>6/30/2022</u>
Furniture	\$ 75,991			\$ 75,991
Leasehold Improvement	<u>20,473</u>			<u>20,473</u>
Total depreciable asset	96,464			96,464
Less accumulated depreciation	<u>(64,516)</u>	<u>(15,208)</u>		<u>(79,724)</u>
Total fixed asset	<u>\$ 31,948</u>			<u>\$ 16,740</u>

(5) ACCRUED VACATION

Employees of EDC are entitled to paid vacation based on length of service and other factors. Employees gain a vested right to accumulated vacation. As of June 30, 2022, the value of accumulated vacation was \$370,253.

Sick leave benefits are accumulated for each employee, but employees do not gain a vested right to the accumulated sick leave benefits are therefore not recognized as a liability by EDC, and sick leave benefits are recorded as expenditures in period taken.

(6) DEFERRED REVENUE

EDC uses government contracts to provide rental assistance loans to tenants in the San Francisco area. These contracts do not require that these funds be returned to the Government entity, but must be used for the rental assistance program. Repayments for these loans are deferred by EDC and only drawn upon when rental assistance program expenses for a given period exceed the reimbursable amount per the contract. As of June 30, 2022, the balance of rental assistance loan repayments deferred was \$293,099.

**EVICTION DEFENSE COLLABORATIVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

(7) GRANT ADVANCE

As of June 30, 2022, grant advance consists of the following:

EDC received from the Mayor’s Office of Housing and Community Development grant advances in the amount of \$989,483 and from the State Bar of California in the amount of \$112,877 as of June 30, 2022.

(8) LINE OF CREDIT

EDC has a line of credit at Bank of the West with an available credit balance of \$25,000 and an interest rate of 15% on advance. As of June 30, 2022, the line of credit balance was \$0.

(9) NET ASSETS WITH DONOR RESTRICTIONS

Net Assets with donor restrictions were as follows:

<u>Restriction</u>	<u>Balance at 6/30/2021</u>	<u>21/22 Additions</u>	<u>21/22 Releases</u>	<u>Balance at 6/30/2022</u>
Walter & Elise Haas Foundation	\$ 186,351	80,000	(234,686)	\$ 31,665
Van Loben Sels	28,333	0	28,333	0
San Francisco Foundation	25,000	75,000	81,250	18,750
Bigglesworth	6,667	0	6,667	0
State Bar of CA	<u>0</u>	<u>341,667</u>	<u>(170,833)</u>	<u>170,833</u>
Total	<u>\$ 246,351</u>	<u>\$ 496,667</u>	<u>\$ (521,769)</u>	<u>\$ 221,248</u>

**EVICTION DEFENSE COLLABORATIVE, INC.**

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

(10) LEASES

On December 2, 2021, EDC entered into a 60-month lease agreement for its office space at 972 Mission Street, San Francisco, commencing on May 1, 2022 and ending on April 30, 2027. The lease required a security deposit of \$83,000, and the 60-month term includes monthly rents of \$42,500. The lease at 1338 Mission Street, San Francisco expires on December 31, 2022, at which EDC expects the security deposit of \$59,272 to be returned.

EDC also leases two copiers for 60 months. The monthly lease payment for the first, which commenced in January 2017, is \$164, and the second, which commenced in April 2016, is \$283.

Lease payments for fiscal year ended June 30, 2022 amounted to \$773,287. Future minimum lease payments are as follows:

The minimum future lease payments for the office leases are as follows:

	<u>Office</u>	<u>Copier</u>
2023	\$ 510,000	\$ 1,971
2024	510,000	-
2025	510,000	-
2026	510,000	-
2027	<u>425,000</u>	<u>-</u>
Total	\$ <u>2,465,000</u>	\$ <u>1,971</u>

(11) LIQUIDITY AND AVAILABILITY

As part of EDC's liquidity management, its goal is to maintain cash and short-term investments on hand to meet 120 days of normal operating expense, which on average is \$660,000. In addition, any cash in excess of the daily requirements is invested in short-term investments and money market funds.

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

Cash and cash equivalents	\$1,209,293
Grants receivable	3,697,014
Line of credit	<u>25,000</u>
Financial assets available at June 30, 2022:	<u>\$4,931,307</u>

Less those unavailable for general expenditures within one year due to:

Contractual or donor-imposed restrictions:	
Restricted by donor with time or purpose restrictions	<u>(221,248)</u>

Financial assets available to meet cash need for general expenditures within one year	<u>\$4,710,059</u>
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**EVICTION DEFENSE COLLABORATIVE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2022

(12) CONTINGENCIES

EDC receives funds from various government sources that are subject to inspection and audit by the appropriate governmental funding agencies. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, EDC has no provision for the possible disallowance of program costs in their financial statements.

(13) SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Such events have been evaluated through December 30, 2022 which is the date the financial statements were available to be issued.

EVICTIION DEFENSE COLLABORATIVE, INC.  
SCHEDULE OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Federal Grantor/ Pass Through Grantor/ Program Title	Federal Catalog Number	Program or Award Number	Amount Awarded	Passed Through to Subrecipients	Revenue Recognized	Disbursement Expenditure
<b>U.S. DEPT. OF HOUSING AND URBAN DEVELOPMENT</b>						
Community Development Block Grants/Entitlement Grants						
<i>Passed through:</i>						
City and County of San Francisco- Mayor's Office of Housing and Community Development						
Tenant Right to Counsel-Lead Partner	14.218	160114-21	* \$ 702,002	\$ -	\$ 702,002	\$ 702,002
CARES/Emergency Rental Assistance Program	14.218	145042-20	* 1,015,000	-	126,392	126,392
COVID 19 Eviction Defense & Diversion	14.218	157140-20	* 450,000	-	306,876	306,876
<b>U.S. Dept of Treasury</b>						
Emergency Rental Assistance Program						
<i>Passed through:</i>						
City and County of San Francisco- Mayor's Office of Housing and Community Development						
U.S. Treasury Emergency Rental Assistance Program	21.023	155612-20	* 6,000,000.00	1,149,075.00	5,353,158.00	5,353,158.00
Coronavirus State And Local Fiscal Recovery Funds						
<i>Passed through:</i>						
Office of Access & Inclusion, State Bar of California						
Homelessness Prevention Competitive Grant (HP RFP III)	21.027	6	1,025,000	-	278,790	278,790
Total Expenditures of federal awards			<u>\$ 9,192,002</u>	<u>\$ 1,149,075</u>	<u>\$ 6,767,218</u>	<u>\$ 6,767,218</u>

\* Major program

**Basis of presentation:**

The Schedule of Expenditures of Federal and State Awards includes the expenditures of federal awards of Eviction Defense Collaborative, Inc. Expenditures are presented on the accrual basis of accounting. The federal information in this schedule is presented in accordance with the requirements of Uniform Guidance, 2 CFR Part 200, Subpart F. Thus, some amounts presented in this schedule may differ from amounts presented in, or used in the



**EVICTION DEFENSE COLLABORATIVE, INC.**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARD**  
For the Year Ended June 30, 2022

**NOTE A: BASIS OF PRESENTATION**

The accompanying schedule of expenditures of Federal awards includes the Federal award activity of Eviction Defense Collaborative, Inc. under programs of the federal government for the year ended June 30, 2021 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 selected portion of the operations of Eviction Defense Collaborative, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Eviction Defense Collaborative, Inc.

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the *Uniform Guidance*, wherein certain types of expenditures are not allowed or are limited to reimbursements.

Eviction Defense Collaborative, Inc. has elected not to use the 10 percent de minimis indirect cost rate allowed under Uniform Guidance. Eviction Defense Collaborative, Inc. does not use an indirect cost rate.

**ALLAN LIU, CPA**  
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**Independent Auditor's Report on Internal Control over Financial  
Reporting and on Compliance and Other Matters Based on  
an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards***

To the Board of Directors  
Eviction Defense Collaborative, Inc.  
San Francisco, California

I 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 Eviction Defense Collaborative, Inc. (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 my report thereon dated December 30, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I considered Eviction Defense Collaborative, 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 Eviction Defense Collaborative, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Eviction Defense Collaborative, Inc.'s internal control.

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

My 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 my audit I did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. 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.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Eviction Defense Collaborative, Inc.'s financial statements are free from material misstatement, I 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, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Eviction Defense Collaborative, Inc.'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.

*Allan Liu*

Certified Public Accountant  
Millbrae, California  
December 30, 2022

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## Independent Auditor's Report on Compliance for Each Major and on Internal Control over Compliance Required by *the Uniform Guidance*

To the Board of Directors  
Eviction Defense Collaborative, Inc.  
San Francisco, California

### Report on Compliance for Each Major Federal Program

#### *Opinion on Each Major Federal Program*

I have audited Eviction Defense Collaborative, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Eviction Defense Collaborative, Inc.'s major federal programs for the year ended June 30, 2022. Eviction Defense Collaborative, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In my opinion, Eviction Defense Collaborative, 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, 2022.

#### *Basis for Opinion on Each Major Federal Program*

I conducted my 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).<sup>j</sup> My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of Eviction Defense Collaborative, Inc. and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination of Eviction Defense Collaborative, Inc.'s compliance with the compliance requirements referred to above.

#### *Responsibilities of Management for Compliance*

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

#### *Auditor's Responsibilities for the Audit of Compliance*

My 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 Eviction Defense Collaborative, Inc.'s compliance based on my 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 Eviction Defense Collaborative, Inc.'s compliance with the requirements of each major federal program as a whole.

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

- 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 Eviction Defense Collaborative, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- Obtain an understanding of Eviction Defense Collaborative, Inc. 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 Eviction Defense Collaborative, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

I am 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 I 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.

My 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 my audit I did not identify any deficiencies in internal control over compliance that I 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. My 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 my 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.

*Allan Liu*

Certified Public Accountant  
Millbrae, California  
December 30, 2022

**EVICTION DEFENSE COLLABORATIVE, INC.**  
**SCHEDULE OF FINDS AND QUESTIONED COSTS**  
For the Year Ended June 30, 2022

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

Type of auditor’s report issued: *unmodified*

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified that are not considered to be material weaknesses?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?  yes  none reported

Type of auditor’s report issued on compliance for major program: *unmodified*

Any audit findings disclosed that are:  
Required to be reported in accordance with 2 CFR 200.516(a)?  yes  no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grant-TRC/CARES/CV-19
22.023	U.S. Treasury Emergency Rental Assistance Program

Dollar threshold used to distinguish Between type A and type B programs \$750,000

Auditee qualified as low-risk auditee?  yes  no

**EVICTION DEFENSE COLLABORATIVE, INC.**  
**SCHEDULE OF CURRENT YEAR FINDINGS**  
For the Year Ended June 30, 2022

**Section II—Financial Statement Findings**

NONE

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

NONE

**EVICTION DEFENSE COLLABORATIVE, INC.**  
**SCHEDULE OF PRIOR YEAR FINDINGS**  
For the Year Ended June 30, 2021

**Section II—Financial Statement Findings**

NONE

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

NONE