

**EVICTIION DEFENSE COLLABORATIVE
SAN FRANCISCO, CALIFORNIA**

SINGLE AUDIT REPORT

JUNE 30, 2023

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INDEPENDENT AUDITORS' 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

Board of Directors
Eviction Defense Collaborative
San Francisco, California

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 Eviction Defense Collaborative (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year ended, and the related notes to the financial statements, and have issued our report thereon dated July 15, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Eviction Defense Collaborative's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Eviction Defense Collaborative's internal control. Accordingly, we do not express an opinion on the effectiveness of Eviction Defense Collaborative's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control that we consider to be material weaknesses, described in the schedule of findings and questioned costs as item 2023-001.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Eviction Defense Collaborative's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

O'Connor & Company

O'Connor & Company

Novato, California
July 15, 2024

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

Board of Directors
Eviction Defense Collaborative
San Francisco, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Eviction Defense Collaborative'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's major federal programs for the year ended June 30, 2023. Eviction Defense Collaborative's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Eviction Defense Collaborative 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, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Eviction Defense Collaborative's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than 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's compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. 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.

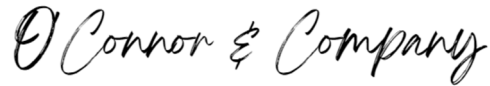
Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Eviction Defense Collaborative as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Eviction Defense Collaborative's basic financial statements. We issued our report thereon dated July 15, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic 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 basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



O'Connor & Company

Novato, California
August 20, 2024 (Except for our report on the Schedule of Expenditures of Federal Awards, for which the date is July 15, 2024).

Eviction Defense Collaborative
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

Federal Financial Assistance	Federal Assistance Listing Number	Grantor/Pass-Through Grantor/Number	Amount of Federal Federal Award	Expenditures	Passed Through to Subrecipients
<u>U.S. Department of Housing and Urban Development:</u>					
Community Development Block Grants/Entitlement Grants Cluster					
<i>Passed through:</i>					
City and County of San Francisco- Mayor's Office of Housing and Community Development					
Tenant Right to Counsel- Lead Partner ¹	14.218	181618-22	\$ 5,111,504	\$ 1,389,772	\$ 910,000
CARES/Emergency Rental Assistance Program Delivery	14.218	145042-20	1,015,000	104,236	-
COVID 19 Eviction Defense & Diversion	14.218	157140-20	450,000	154,377	-
<i>Total Community Development Block Grant Cluster</i>				<u>1,648,385</u>	<u>910,000</u>
Total U.S. Department of Housing and Urban Development				<u>1,648,385</u>	<u>910,000</u>
<u>U. S. Department of Treasury:</u>					
Direct Programs					
Emergency Rental Assistance Program					
<i>Passed through:</i>					
City and County of San Francisco- Mayor's Office of Housing and Community Development	21.023*	155612-20	4,320,000	646,823	-
Subtotal U.S. Treasury Emergency Rental Assistance Program				<u>646,823</u>	<u>-</u>
COVID-19 Coronavirus State and Local Fiscal Recovery Funds					
<i>Passed through:</i>					
Office of Access & Inclusion, State Bar of California					
Homelessness Prevention Grant (HP Formula III) ²	21.027*	247	150,000	125,440	-
Homelessness Prevention Competitive Grant (HP RFP III) ²	21.027*	6	1,025,000	172,019	-
Subtotal Office of Access & Inclusion, State Bar of California				<u>297,459</u>	<u>-</u>
Total U.S. Department of Treasury				<u>944,282</u>	<u>-</u>
Total Federal Awards				<u>\$ 2,592,667</u>	<u>\$ 910,000</u>

* Major program

Eviction Defense Collaborative
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2023

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of Eviction Defense Collaborative under programs of the federal government for the year ended June 30, 2023. The information in this SEFA 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 SEFA presents only a selected portion of the operations of Eviction Defense Collaborative, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of Eviction Defense Collaborative.

NOTE 2 - BASIS OF PRESENTATION

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. The accompanying SEFA is presented using the modified accrual basis of accounting for grants accounted for in the governmental fund types and the accrual basis of accounting for grants accounted for in the proprietary fund types, as described in the notes to the Eviction Defense Collaborative's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursements.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance.

NOTE 4 - FEDERAL ASSISTANCE LISTING NUMBERS

The Federal Assistance Listing number included in the accompanying SEFA was determined based on the program name, review of the award contract, and the Office of Management and Budget's Catalog of Federal Domestic Assistance.

NOTE 5 - INDIRECT COSTS

Eviction Defense Collaborative elected not to use the 10% de minimis cost rate as covered in the Uniform Guidance Part 200.414 Indirect (F&A) Costs.

NOTE 6 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

The amounts reported in the accompanying SEFA agree or can be reconciled with amounts reported in the related federal financial assistance reports.

NOTE 7 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The amounts reported in the accompanying SEFA agree or can be reconciled with amounts reported in the Eviction Defense Collaborative's basic financial statements.

NOTE 8 - PASS-THROUGH ENTITIES' IDENTIFYING NUMBER

When federal awards were received from a pass-through entity, the SEFA shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, Eviction Defense Collaborative determined that no identifying number is assigned for the program or Eviction Defense Collaborative was unable to obtain an identifying number from the pass-through entity.

Eviction Defense Collaborative
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

Section I – Summary of Auditors’ Results

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
 - A. Material weakness(es) identified? Yes
 - B. Significant deficiencies identified that were not considered to be material weakness(es)? None reported
 - C. Noncompliance material to financial statements noted. Yes
3. Internal control over major programs:
 - A. Material weakness(es) identified? No
 - B. Significant deficiencies identified that were not considered to be material weakness(es)? None reported
 - C. Type of auditors’ report issued on compliance for major programs: Unmodified
 - D. Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? No
4. Audited as Major Programs:

<u>Federal Assistance</u>	<u>Federal Program Name or Cluster</u>	<u>Amount</u>
<u>Listing Number</u>		
21.023	Emergency Rental Assistance Program	\$646,823
21.027	Corona Virus State and Local Fiscal Recovery Funds	\$297,459
5. Dollar threshold used to distinguish between type A and type B programs: \$750,000
6. Auditee qualified as a low-risk auditee. Yes

Section II – Financial Statement Findings

Finding 2023-001: Reporting Deferred Revenue

Criteria:

Rental assistance loans were deferred by the Eviction Defense Collaborative in prior years and not properly analyzed and recorded as revenue when earned.

Condition:

Eviction Defense Collaborative’s Director of Finance position has experienced high turnover in the prior year.

Context:

The accounting records are maintained using a QuickBooks (QB) general ledger accounting system. However, QB accounts were not updated for deferred revenue as required by generally accepted accounting principles for nonprofits using the accrual basis of accounting. There were also some relatively minor unexplained cash balances in the general ledger control accounts.

Effect:

The effect was that the organization did not have controls and procedures in place to permit the normal analysis of deferred revenue accounts in accordance with generally accepted governmental accounting practices. The impact was that some account balances were not accurate and reliable and hindered the timely preparation of both internal and external financial reports.

Eviction Defense Collaborative
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

Cause:

The cause, in the auditor's judgment, was turnover of the financial management staff with adequate skill, knowledge and experience to maintain the organization's general ledger accounting system, that did not allow the appropriate staff to reconcile the account balances on a regular basis and prepare its annual financial statements.

Recommendation:

We recommend Eviction Defense Collaborative reconcile all assets, liability, and net asset accounts to supporting schedules and documentation each month. The Eviction Defense Collaborative has hired the accounting firm Scrubbed.net to assist with this process.

Views of Responsible Officials and Corrective Actions:

Eviction Defense Collaborative has retained a professional service firm, Scrubbed.net, to review and revise our accounting system to better conform to current accounting practices.

Section III – Federal Award Findings and Questioned Costs

There were no federal award findings and questioned costs.

Eviction Defense Collaborative
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
For the Year Ended June 30, 2023

Recommendation

Status/Explanation

There were no prior year findings or recommendations.