

RUBY'S PLACE

**Financial Statements for the Years
Ended June 30, 2022 and 2021
and Independent Auditors' Report**

RUBY'S PLACE

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Ruby's Place
Castro Valley, California

Opinion

We have audited the accompanying financial statements of Ruby's Place (a nonprofit organization) (the "Organization"), which comprise the statement 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 the Organization 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 the Organization 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 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 the Organization'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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's 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 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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*, we have also issued our report dated November 7, 2023 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the Organization's 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 Organization's internal control over financial reporting and compliance.

Harrison & Lane, a.c.

Pleasanton, California
November 7, 2023

RUBY'S PLACE**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021**

	2022	2021
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 1,338,603	\$ 1,282,530
Grants and contracts receivable	1,984,102	1,261,669
Prepaid expenses and deposits	29,015	18,607
Cash surrender value of life insurance	31,631	15,000
Total current assets	3,383,351	2,577,806
DEPOSITS	17,300	17,300
PROPERTY AND EQUIPMENT, net	752,564	419,161
Total assets	<u>\$ 4,153,215</u>	<u>\$ 3,014,267</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 156,344	\$ 127,236
Accrued liabilities	381,215	285,791
Refundable advances	201,628	5,082
Current portion of notes payable	-	178,547
Total current liabilities	739,187	596,656
Total liabilities	739,187	596,656
NET ASSETS		
Net assets without donor restrictions		
Without board designations	2,191,002	2,280,861
With board designations	1,038,822	-
Total net assets without donor restrictions	3,229,824	2,280,861
Net assets with donor restrictions	184,204	136,750
Total net assets	3,414,028	2,417,611
Total liabilities and net assets	<u>\$ 4,153,215</u>	<u>\$ 3,014,267</u>

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

RUBY'S PLACE

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenue and support:		
Grants from government agencies	\$ 6,340,329	\$ 3,970,557
Contributions	445,229	713,993
Contributed non-financial assets	132,414	29,746
Other income	14,596	-
Total revenue and support	6,932,568	4,714,296
Net assets released from restrictions	533,146	499,020
Total revenues and net assets released from restrictions	7,465,714	5,213,316
Expenses:		
Program services	5,720,636	3,731,959
Supporting services:		
General and administrative	617,430	568,994
Fundraising	178,685	123,169
Total expenses	6,516,751	4,424,122
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	948,963	789,194
NET ASSETS WITH DONOR RESTRICTIONS		
Foundation grants	580,600	356,750
Net assets released from restrictions	(533,146)	(499,020)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	47,454	(142,270)
CHANGE IN NET ASSETS	996,417	646,924
NET ASSETS, BEGINNING OF YEAR	2,417,611	1,770,687
NET ASSETS, END OF YEAR	\$ 3,414,028	\$ 2,417,611

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

RUBY'S PLACE**STATEMENT OF FUNCTIONAL EXPENSES**
YEAR ENDED JUNE 30, 2022

	Program Services	General and Administrative	Fundraising	Total Expenses
Personnel	\$ 3,632,946	420,213	152,547	\$ 4,205,706
Program supplies	1,019,422	5,273	491	1,025,186
Grants	579,565	-	-	579,565
Occupancy	75,515	72,752	-	148,267
Maintenance and repairs	93,783	17,179	-	110,962
Professional services	72,793	21,254	1,410	95,457
Depreciation	73,201	-	-	73,201
Insurance	48,545	3,917	-	52,462
Other services	3,695	43,636	-	47,331
Conferences, training and meetings	24,274	20,914	-	45,188
Equipment	33,513	37	-	33,550
Travel and meals	24,927	6,352	-	31,279
Communications	23,566	86	-	23,652
Fundraising event	-	-	9,535	9,535
Information technology	6,447	1,435	490	8,372
Dues, licenses and service fees	4,263	478	2,464	7,205
Supplies	-	-	5,817	5,817
Bank fees	3,913	1,708	-	5,621
Copying and printing	-	-	3,665	3,665
Miscellaneous	97	2,026	665	2,788
Postage	171	120	1,601	1,892
Vehicle expense	-	50	-	50
Total	<u>\$ 5,720,636</u>	<u>\$ 617,430</u>	<u>\$ 178,685</u>	<u>\$ 6,516,751</u>

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

RUBY'S PLACE**STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021**

	Program Services	General and Administrative	Fundraising	Total Expenses
Personnel	\$ 2,357,115	484,679	109,310	\$ 2,951,104
Supplies	566,342	4,358	268	570,968
Grants	388,553	-	-	388,553
Occupancy	87,604	16,146	-	103,750
Professional services	75,229	11,916	-	87,145
Depreciation	54,871	-	-	54,871
Equipment	49,390	(255)	-	49,135
Other services	16,914	18,322	10,075	45,311
Conferences, training and meetings	34,786	2,670	-	37,456
Maintenance and repairs	31,103	8	-	31,111
Insurance	30,156	269	-	30,425
Information technology	10,960	7,693	-	18,653
Communications	17,993	2	-	17,995
Bank fees	338	9,877	-	10,215
Advertising	6,729	-	1,041	7,770
Miscellaneous	(4,931)	12,019	32	7,120
Travel and meals	5,619	100	-	5,719
Copying and printing	1,850	-	1,260	3,110
Dues, licenses and service fees	1,332	1,177	345	2,854
Postage	6	13	838	857
Total	<u>\$ 3,731,959</u>	<u>\$ 568,994</u>	<u>\$ 123,169</u>	<u>\$ 4,424,122</u>

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

RUBY'S PLACE**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 996,417	\$ 646,924
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation	73,201	54,871
Forgiveness of debt	-	(190,819)
Changes in assets and liabilities that provided (used) cash:		
Grants and contracts receivable	(722,433)	(461,266)
Prepaid expenses	(10,408)	(17,543)
Accounts payable	29,108	100,144
Accrued expenses	78,793	86,020
Refundable advances	196,546	5,082
Net cash provided by operating activities	641,224	223,413
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(406,604)	(51,386)
Payment of long term deposits	-	(2,100)
Net cash used in investing activities	(406,604)	(53,486)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on note payable	(178,547)	(31,134)
Net cash used in financing activities	(178,547)	(31,134)
NET CHANGE IN CASH AND CASH EQUIVALENTS	56,073	138,793
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,282,530	1,143,737
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,338,603</u>	<u>\$ 1,282,530</u>
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Increase in 457(f) Plan cash surrender value of life insurance	<u>\$ 16,631</u>	<u>\$ 15,000</u>

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

RUBY'S PLACE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

1. ORGANIZATION

Nature of Operation - Ruby's Place (the "Organization") is a California not-for-profit public benefit corporation that provides housing, shelter, food, counseling, and supportive services to survivors of domestic violence, human trafficking, and homelessness. The population served includes women, men and children throughout the San Francisco Bay Area.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements of the Organization are prepared on the accrual basis of accounting and in conformity with accounting principles generally accepted in the United States of America specific to nonprofit organizations.

Classification of Net Assets - The Organization reports information regarding its financial position and activities according to two classes of net assets, as applicable: net asset without donor restrictions and net assets with donor restrictions.

- 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 imposed restrictions.

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

Fair Value - ASC 820 includes a fair value hierarchy that is intended to increase the consistency and comparability in fair value measurements and related disclosures. The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources while unobservable inputs reflect a reporting entity's pricing based upon their own market assumptions. The fair value hierarchy consists of the following three levels:

Level 1 - instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets.

Level 2 - instrument valuations are obtained from readily-available pricing sources for comparable instruments.

Level 3 - instrument valuations are obtained without observable market values and require a high level of judgment to determine the fair value.

Cash - Cash and cash equivalents are all highly liquid investments with a maturity of three months or less.

Grants and Contracts Receivable - Grants and contracts receivable are recorded at the value of the revenue earned and are due upon presentation. Receivable balances with charges over thirty days old are considered delinquent and management begins collection efforts at this time. Delinquent accounts receivable invoices do not accrue interest. The Organization continually monitors the credit worthiness of each account and recognizes allowances for estimated bad debts on accounts that are no longer estimated to be collectible. The Organization adjusts any allowance for subsequent collections and final determination that a receivable is no longer collectible. There was no allowance considered necessary at June 30, 2022 or 2021, respectively.

Property and Equipment - Property and equipment purchased by the Organization are recorded at cost. The Organization follows the practice of capitalizing all expenditures for land, buildings and equipment over \$1,000. The fair value of all donated property and equipment is similarly capitalized. Depreciation has been provided on the straight-line method based upon the following estimated useful lives of the assets:

Furniture and equipment	5 to 10 years
Building and improvements	5 to 30 years

Grants and contributions - Grants and contributions are recognized when the donor makes an unconditional promise to give to the Organization. Contributions received are recorded as net assets with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. Amounts outstanding that have been neither received nor recognized on conditional promises to give as of June 30, 2022 totaled \$6,149,037. The Organization will recognize those conditional balances upon incurring budgeted expenses on conditional grants.

In-kind goods and services are recognized at fair value as contribution revenue and expense at the time of donation. Fair value is determined using Level 3 management estimates and similar third-party data. Any significant balances held at year end are capitalized as inventory and are expensed at the time of distribution.

Functional Expense Classification - The Organization charges and allocates its expenses on a functional basis among its program and support services. Expenses that can be identified with the program or support service are assigned directly. Expenses common to several functions are allocated based on a measure of usage that best relates to the particular expense.

Income Taxes - The Organization is exempt from federal and California income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. In management's judgment there are no uncertain tax positions as of June 30, 2022.

Credit Risk - Financial instruments which potentially subject the Organization to credit risk consist principally of cash and equivalents and various balances receivable. The Organization's cash is maintained in demand deposits in high quality financial institutions. Cash balances at June 30, 2022 exceeded federal insurance limits by approximately \$1,172,639. Grants and contracts receivable is primarily comprised of federal, state and local governments. The Organization generally does not maintain collateral for its receivable balances, and does not believe significant credit risk exists at June 30, 2022.

Subsequent Events - Subsequent events have been evaluated through November 7, 2023, which is the date the financial statements were available to be issued.

3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2022 and 2021:

	2022	2021
Land	\$ 128,007	\$ 128,007
Buildings and improvements	1,620,537	1,243,814
Furniture and equipment	261,328	231,447
	2,009,872	1,603,268
Accumulated depreciation	(1,257,308)	(1,184,107)
Net property and equipment	<u>\$ 752,564</u>	<u>\$ 419,161</u>

Depreciation expense for the year ended June 30, 2022 and 2021 was \$73,201 and \$54,871 respectively.

Furniture and equipment includes a van with a cost basis of \$25,200 and accumulated depreciation of \$4,620 at June 30, 2022 that is owned by the Organization's executive director and used exclusively for the Organization's operations. The executive director purchased the van with funds advanced by the Organization, and transferred legal ownership of the van to the Organization subsequent to June 30, 2022.

4. LINE OF CREDIT

The Organization has a revolving bank line of credit with a maximum borrowing limit of \$500,000. The line of credit is secured by the Organization's receivables and fixed assets. Interest of prime plus 2% (6.75% at June 30, 2022) is payable monthly. There was no outstanding balance at June 30, 2022 and 2021, respectively. The line matures December 2023.

5. NOTE PAYABLE

In April 2020, the Organization obtained a forgivable loan under the U.S. Small Business Administration's ("SBA") Paycheck Protection Program ("PPP"). The loan and accrued interest were forgivable as long as the borrower used the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, maintains its payroll levels, and obtains formal forgiveness from the SBA. Funds not used for allowable expenses are repayable, and accrue interest at 1% annually. In 2021, \$190,819 was forgiven by the SBA. The balance of the note was repaid in fiscal 2022.

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are subject to donor-imposed stipulations that will be met by either actions of the Organization and/or the passage of time. At June 30, 2022 and 2021, net assets with donor restrictions consisted of the following:

	2022	2021
Other programmatic costs	\$ 19,954	\$ 47,500
Time restriction	164,250	89,250
Total	<u>\$ 184,204</u>	<u>\$ 136,750</u>

7. NET ASSETS WITH BOARD DESIGNATIONS

During 2022, the board of directors established three reserves designated for the following purposes:

	2022	2021
Reserve for operations	\$ 653,631	\$ -
Reserve for programmatic expenses	285,191	-
Capital improvements	100,000	-
Total	<u>\$ 1,038,822</u>	<u>\$ -</u>

8. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures within one year at June 30, 2022 consisted of the following:

Cash and cash equivalents	\$ 1,338,603
Grants and contracts receivable	1,984,102
Less: Board designated for capital improvements	<u>(100,000)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,222,705</u>

The Organization receives significant contributions and promises to give restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

The Organization maintains a minimum operating reserve fund that is available for general operations, equal to two payroll cycles, based off of average payroll costs over the last twelve months. A long-term goal is to have three months of operating expenses in the Operating Reserve Fund. The amount of the Operating Reserve Fund target minimum will be calculated each year after approval of the annual budget, reported to the Finance Committee/Board of Directors, and included in the monthly financial reports.

The Organization maintains a \$500,000 line of credit (See Note 4) for necessary replacement and repair costs related to real property owned by the Organization.

9. IN-KIND CONTRIBUTIONS

Donors contributed programmatic supplies with a fair value of \$132,414 and \$29,746 during the years ended June 30, 2022 and 2021, respectively. The fair-value approximates retail cost to the Organization and is a Level 3 fair value estimate. The fair-value of the donations are included in the financial statements as in-kind goods revenue and program supplies expense on the statements of functional expenses.

10. OPERATING LEASES

The Organization leases equipment and facilities under various cancelable and non-cancelable operating leases that expire through 2024. Rental expense for the equipment and facilities was approximately \$75,810 and \$75,097 for the years ended June 30, 2022 and 2021, respectively.

Future minimum non-cancelable lease payments are as follows:

<u>Year end June 30,</u>	
2023	\$ 88,718
2024	<u>50,665</u>
Total	<u>\$ 139,383</u>

11. RETIREMENT PLANS

The Organization has adopted a tax-sheltered annuity plan for qualifying employees pursuant to Section 403(b) of the Internal Revenue Code. Employer discretionary contributions totaled \$67,632 and \$45,930 for the years ended June 30, 2022 and 2021, respectively.

12. DEFERRED COMPENSATION

The Organization entered into a 457(f) deferred compensation agreement with the Organization's executive director. Under the current agreement, the Organization makes contributions to a split-dollar life insurance policy in which the executive director names a beneficiary. The policy, and underlying cash surrender value are the assets of the Organization until the executive director is fully vested under the plan. Contributions to the plan totaled \$20,000 during each of the years ended June 30, 2022 and 2021. The balance of the 457(f) assets of \$31,631 and \$15,000 are included in accrued liabilities at June 30, 2022 and 2021, respectively.

RUBY'S PLACE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor Program Title/Pass-Through Grantor Program Title	Assistance Listing Number	Pass-through Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Housing and Urban Development:				
Supportive Housing Program passed through County of Alameda - Emergency Food and Shelter Program	14.235	16277; 19757	\$ 8,034	\$ -
Continuum of Care Program	14.267		822,532	-
Community Development Block Grants/Entitlement Grants passed through City of Hayward	14.218	21-058	<u>30,993</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>861,559</u>	<u>-</u>
U.S. Department of Justice:				
Services for Trafficking Victims	16.320		908,819	267,736
Services for Trafficking Victims passed through Alameda County District Attorney's office	16.320	4056	<u>441,190</u>	<u>-</u>
Total Services for Trafficking Victims	16.320		<u>1,350,009</u>	<u>267,736</u>
Abuse in Later Life Program	16.528		<u>129,264</u>	<u>3,298</u>
Crime Victim Assistance passed through State of California - Governor's Office of Emergency Services	16.575	DV20128631	173,064	-
Crime Victim Assistance passed through State of California - Governor's Office of Emergency Services	16.575	XD20028631	262,273	-

(Continued)

Crime Victim Assistance passed through State of California - Governor's Office of Emergency Services	16.575	XH20038631	86,296	-
Crime Victim Assistance passed through State of California - Governor's Office of Emergency Services	16.575	XH21038631	<u>141,375</u>	<u>-</u>
Total Crime Victim Assistance	16.575		<u>663,008</u>	<u>-</u>
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault	16.736		<u>84,923</u>	<u>11,000</u>
Total U.S. Department of Justice			<u>2,227,204</u>	<u>282,034</u>
U.S. Department of Health and Human Services:				
Family Violence Prevention and Services passed through State of California - Governor's Office of Emergency Services	93.671	DV20128631	169,699	-
Family Violence Prevention and Services passed through State of California - Governor's Office of Emergency Services	93.671	XD20038631	<u>43,915</u>	<u>-</u>
Total Family Violence Prevention and Services	93.671		<u>213,614</u>	<u>-</u>
Domestic Victims of Human Trafficking	93.327		395,005	177,726
Services to Victims of a Severe Form of Trafficking passed through U.S. Committee for Refugees and Immigrants	93.598	90ZV0137-01-00	11,327	-
Basic Center Grant	93.623		105,153	-
Medical Assistance Program Passed through Alameda County Social Services Agency	93.778	17887	<u>45,649</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>770,748</u>	<u>177,726</u>

(Continued)

**U.S. Department of Homeland
Security:**

Emergency Food and Shelter National Board Program passed through The United Way	97.024	Phase 37/38	11,000	-
Emergency Food and Shelter National Board Program passed through The United Way	97.024	Phase 37/38	<u>8,056</u>	<u>-</u>
Total Emergency Food and Shelter National Board Program	97.024		<u>19,056</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>19,056</u>	<u>-</u>
Total expenditures of federal awards			<u>\$ 3,878,567</u>	<u>\$ 459,760</u>

See accompanying notes to Schedule of Expenditures of Federal Awards

RUBY’S PLACE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2022

Note A - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes federal award activity of the Organization 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 the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Note B - Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported 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 allowable or are limited as to reimbursement.
- (2) The Organization has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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

To the Board of Directors of
Ruby's Place
Castro Valley, 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 Ruby's Place (a nonprofit organization) (the "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 November 7, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and questioned costs as items 2022-001.

Entity's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope and 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.

Harrison & Lane, a.c.

Pleasanton, California
November 7, 2023

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

To the Board of Directors of
Ruby's Place
Castro Valley, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Ruby's Place's (the "Organization") 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 the Organization's major federal programs for the year ended June 30, 2022. The Organization'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, the Organization 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

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 the Organization 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 the Organization'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 the Organization's federal programs.

Auditors' 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 the Organization'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 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 the Organization'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 the Organization'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 the Organization'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 the Organization'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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2022-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001 and 2022-002 to be significant deficiencies.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Harrison & Lane, a.c.

Pleasanton, California
November 7, 2023

RUBY'S PLACE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2022

I. SUMMARY OF INDEPENDENT AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued on whether the financial statements were prepared according to U.S. GAAP: **Unmodified**

Internal control over financial reporting:

Material weakness(es) identified:	<u> </u> Yes	<u> X </u> No
Significant deficiency(ies) identified that are not considered to be a material weakness?	<u> </u> Yes	<u> X </u> None Reported
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiency(ies) identified that are not considered to be a material weakness(es)?	<u> X </u> Yes	<u> </u> None Reported

Type of auditors' report issued on compliance for major programs: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<u> X </u> Yes	<u> </u> No
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Identification of major federal programs:

<u>Federal Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
14.267	Continuum of Care Program
16.320	Services for Trafficking Victims

Dollar threshold used to distinguish between type A and type B programs: **\$750,000**

Auditee qualified as low-risk auditee?	<u> </u> Yes	<u> X </u> No
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(continued)

RUBY’S PLACE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2022

II. Financial Statement Findings

None.

III. Federal Awards Findings and Questioned Costs

Finding 2022-001

Assistance Listing Number: 14.267

Program Title: Continuum of Care Program

Federal Agency: U.S. Department of Housing and Urban Development

Criteria

The Continuum of Care Program requires that the Organization perform a test of rent reasonableness at least annually to determine if rents paid for program participants are comparable to fair market rents in the vicinity of the participants housing.

Condition

The Organization was using the U.S. Department of Housing and Urban Development’s (“HUD”) published Fair Market Rents (“FMR”) to determine the reasonableness of the rents paid, and not performing an analysis of rents in the immediate area of the participants housing.

Cause

The Organization was applying a method of determining reasonable rents that had been allowable under prior awards, prior to migration of the programs funding to the Continuum of Care program under assistance listing number 14.267.

Context

While the Organization did not utilize the required method of determining fair market rents required under the Continuum of Care Program, the Organization was employing a method of determining fair rents utilizing FMR data from HUD.

Effect

The potential existed that calculated fair market rents were less than provided by FMR data from HUD. Based on the Organization's subsequent calculation of fair market rents, no units were paying above rent limits imposed by the Continuum of Care Program.

Questioned Costs

None.

Prior Audit Finding

No.

Recommendation

The Organization should, at least annually, perform a survey of FMR utilizing an acceptable approach outlined by the Continuum of Care program. The Organization should document their comparison to FMR in each program participant's file prior to a participant's lease signing.

Views of Responsible Officials

The Organization agrees with the finding, and will perform procedures to implement the recommendation.

Finding 2022-002

Assistance Listing Number: 14.267; 16.320

Program Title: Continuum of Care Program; Services for Trafficking Victims

Federal Agency: U.S. Department of Housing and Urban Development; U.S. Department of Justice

Criteria

Uniform Guidance section 200.302 *Financial Management* requires non-federal entities to maintain accurate accounting of federal expenditures within its accounts, and to provide adequate controls over those expenditures.

Condition

Our test of controls over expenditures of non-payroll transactions identified nine of thirty and eleven of thirty transactions in Continuum of Care Program and Services for Trafficking Victims program, respectively, that did not include sufficient documentation of controls over allocation of costs. Errors included unapproved purchase orders, self-approved purchase orders, and expenditures without documentation of approval for the expenditure or allocation.

Cause

The Organization is experiencing challenges in transitioning to a hybrid remote office structure and turnover in the Organization.

Context

Expenditures were supported by receipts and invoices without exception. Expenditures without sufficient documentation of controls over allocation of costs appeared to be reasonable costs for programmatic activities.

Effect

Without consistent application of control processes, deviations that may be fraud will be difficult to differentiate from legitimate transactions, such as purchases for program participant day to day living expenses and gift cards.

Questioned Costs

None.

Prior Audit Finding

No.

Recommendation

The Organization should adopt a self-monitoring process to verify that documented controls are being consistently followed. The Executive Director's expenditures should be approved by a member of the finance committee, or a relevant program manager if the cost is for a budgeted program expenditure.

Views of Responsible Officials

The Organization agrees with the finding, and will perform procedures to implement the recommendation.

IV. Prior Year Findings

Not applicable.