

Ruby's Place, Inc.

Financial Statements and Uniform Guidance Schedules
Together With Independent Auditors' Reports

June 30, 2023

Ruby's Place, Inc.

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Independent Auditors' Report

Board of Directors
Ruby's Place, Inc.

Opinion

We have audited the accompanying financial statements of Ruby's Place, Inc. (the "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 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, 2023 and the changes in 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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, the Organization adopted Financial Accounting Standards Board ("FASB") Topic 842, Leases, using the effective date method, with July 1, 2022 as the date of initial adoption. Our opinion is not modified with respect to this matter.

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 auditors' 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.

Report on 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 on page 16, 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 March 19, 2025, 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.

PKF O'Connor Davies, LLP

March 19, 2025

Ruby's Place, Inc.

Statement of Financial Position
June 30, 2023

ASSETS

Cash	\$ 1,672,740
Grants receivable	2,560,980
Other receivables	250
Prepaid expenses and deposits	165,650
Cash surrender value of life insurance	31,631
Deposits	28,863
Property and equipment, net	981,540
Right-of-use asset - operating leases, net	<u>238,479</u>
	<u>\$ 5,680,133</u>

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable	\$ 123,378
Accrued liabilities	445,122
Refundable advances	149,691
Leases payable	<u>241,801</u>
Total Liabilities	<u>959,992</u>
Net Assets	
Net Assets Without Donor Restrictions	
Without board designations	3,809,609
With board designations	<u>470,891</u>
Total Net Assets Without Donor Restrictions	<u>4,280,500</u>
With donor restrictions	<u>439,641</u>
Total Net Assets	<u>4,720,141</u>
	<u>\$ 5,680,133</u>

See notes to financial statements

Ruby's Place, Inc.

Statement of Activities Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Government grants	\$ 8,644,313	\$ -	\$ 8,644,313
Foundation grants	267,989	532,052	800,041
Contributions	118,031	-	118,031
Contributed non-financial assets	40,761	-	40,761
Other income	18,986	-	18,986
Net assets released from restrictions	<u>276,615</u>	<u>(276,615)</u>	<u>-</u>
Total Revenue and Support	<u>9,366,695</u>	<u>255,437</u>	<u>9,622,132</u>
EXPENSES			
Program services	6,713,579	-	6,713,579
Management and general	1,478,600	-	1,478,600
Fundraising	<u>123,840</u>	<u>-</u>	<u>123,840</u>
Total Expenses	<u>8,316,019</u>	<u>-</u>	<u>8,316,019</u>
Change in Net Assets	1,050,676	255,437	1,306,113
NET ASSETS			
Beginning of year	<u>3,229,824</u>	<u>184,204</u>	<u>3,414,028</u>
End of year	<u>\$ 4,280,500</u>	<u>\$ 439,641</u>	<u>\$ 4,720,141</u>

See notes to financial statements

Ruby's Place, Inc.

Statement of Functional Expenses Year Ended June 30, 2023

	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 3,294,945	\$ 779,115	\$ 96,230	\$ 4,170,290
Payroll taxes and benefits	662,789	181,107	19,357	863,253
Program supplies	247,926	-	-	247,926
Grants	882,770	-	-	882,770
Occupancy	202,623	84,333	-	286,956
Maintenance and repairs	85,359	17,291	149	102,799
Professional services	110,854	44,205	-	155,059
Depreciation	67,680	-	-	67,680
Insurance	-	65,530	-	65,530
Other services	6,301	-	-	6,301
Conferences, training and meetings	164,701	-	-	164,701
Equipment	27,075	36,531	-	63,606
Travel and meals	-	47,624	85	47,709
Communications	-	29,512	-	29,512
Client paid rent	915,182	-	-	915,182
Advertising	-	7,264	-	7,264
Information technology	-	7,789	-	7,789
Dues, licenses and service fees	-	4,030	4,281	8,311
Software and subscriptions	-	138,805	-	138,805
Supplies	-	15,962	2,544	18,506
Bank fees	-	8,177	-	8,177
In-kind donations	40,761	-	-	40,761
Miscellaneous	4,613	10,151	-	14,764
Postage and shipping	-	1,174	1,194	2,368
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenses	<u>\$ 6,713,579</u>	<u>\$ 1,478,600</u>	<u>\$ 123,840</u>	<u>\$ 8,316,019</u>

See notes to financial statements

Ruby's Place, Inc.

Statement of Cash Flows
Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 1,306,113
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	67,680
Amortization of right of use asset - operating lease	59,422
Changes in operating assets and liabilities	
Grants receivable	(576,878)
Other receivables	(250)
Prepaid expenses and deposits	(136,635)
Deposits	(11,563)
Accounts payable	(32,966)
Accrued liabilities	63,907
Refundable advance	(51,937)
Payments on lease payable	<u>(56,100)</u>
Net Cash from Operating Activities	630,793

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	<u>(296,656)</u>
Net Change in Cash	<u>334,137</u>

CASH

Beginning of year	<u>1,338,603</u>
End of year	<u>\$ 1,672,740</u>

See notes to financial statements

Ruby's Place, Inc.

Notes to Financial Statements

June 30, 2023

1. Organization

Ruby's Place, Inc. (the "Organization") was incorporated on July 10, 1973 as a not-for-profit organization in California.

The Organization is focused on providing 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.

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and has been classified as an organization that is not a private foundation.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Adoption of New Accounting Policy

Leases

In February 2016, FASB issued ASU 2016-02, Leases ("Topic 842") which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset.

The Organization adopted the requirements of the new standard effective July 1, 2022, using the modified retrospective transition method, which applies the provisions of the standard at the effective date without any adjustment to the comparative periods presented. The Organization adopted the following practical expedients and elected the following accounting policies related to this standard: Carry forward of historical lease classifications and accounting treatment. Accordingly, the Organization will recognize lease payments on a straight-line basis over the lease term and variable payments in the period when the corresponding obligation is incurred. As a result of the adoption the new lease accounting guidance, on July 1, 2022, the Organization recognized a lease liability of \$297,901, that represents the present value of the remaining operating lease payments of \$318,792 discounted using normalized risk-free interest rate of 2.88% and a right-of-use asset of \$297,901. The standard did not materially impact operating results or liquidity.

Ruby's Place, Inc.

Notes to Financial Statements
June 30, 2023

2. Summary of Significant Accounting Policies (continued)

Net Asset Presentation

The Organization reports information regarding financial position and activities in two classes of net assets: without and with donor restrictions.

Without donor restrictions – consist of resources available for the general support of the Organization's operations. Net assets without donor restrictions may be used at the discretion of the Organization's management and Board of Directors.

With donor restrictions – represent amounts restricted by donors to be used for specific activities or at some future date, or which require the Organization to maintain in perpetuity, including funds that are subject to restrictions or gift instruments requiring that the principal be invested in perpetuity and the income be used for specific or general purposes. When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Property and Equipment

Property and equipment in excess of \$1,000 are recorded at cost and depreciated using the straight-line method over their useful life of 5 years.

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is noted. If the carrying amount of the asset is not recoverable, the value is written down to the asset's fair value. There were no asset impairments for the year ended June 30, 2023.

Contributions

The Organization records earned support and revenues on an accrual basis. In addition, the Organization records cash and promises to give as support and revenue, when they are received unconditionally at their fair value. Conditional contributions are recognized only when the conditions on which they depend are substantially met. Amounts received before conditions are substantially met are reported as refundable advances on the statement of financial position.

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using rates applicable to the years in which the promises are received and consider market and credit risk as applicable. Amortization of the discount is included in contribution revenue over the life of the pledge.

Ruby's Place, Inc.

Notes to Financial Statements
June 30, 2023

2. Summary of Significant Accounting Policies (continued)

Allowance for Doubtful Accounts

The Organization provides an allowance for doubtful accounts based upon prior experience and management's assessment of the collectability of specific accounts. Management deems all receivables to be collectible at June 30, 2023.

Donated Goods and Services

Contributions of noncash assets are recorded at their fair values in the period received. Donated contributions of services that create or enhance nonfinancial assets or that require specialized skills, provided by individuals possessing those skills, and that would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Leases

At July 1, 2022, the Organization leases several buildings and determines if the arrangements are leases at inception. The operating leases are included in right-of-use asset – operating leases, net ("ROU asset") and leases payable on the accompanying statement of financial position.

ROU asset represents the right to use an underlying asset for the lease term and leases payable represents the obligation to make lease payments arising from the leases. Operating lease ROU asset and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The lease does not provide an implicit borrowing rate. The Organization uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. The operating lease ROU asset includes any lease payments made and excludes lease incentives. The lease term may include options to extend the lease and when it is reasonably certain that the Organization will exercise that option, such amounts are included in ROU asset and leases payable. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Organization has lease agreements with lease and non-lease components, which are generally accounted for separately. Variable lease components in the leases are cleaning, utilities, and security and are recognized in operating expenses in the period in which the obligation is incurred.

The Organization applies the short-term lease exemption to all of its classes of underlying assets. During the year ended, short-term lease costs amounted to \$93,003.

Ruby's Place, Inc.

Notes to Financial Statements
June 30, 2023

2. Summary of Significant Accounting Policies (*continued*)

Functional Allocation of Expenses

The cost of providing various programs and other activities has been summarized on a functional basis in the statement of activities. Specific expenses that are readily identifiable to a single program or activity are charged to that function. Certain expenses are attributable to more than one program or supporting function and have been allocated in reasonable ratios determined by management. These expenses include salaries and wages and payroll taxes and benefits, which are allocated based on estimates of time and effort.

Accounting for Uncertainty in Income Taxes

The Organization recognizes the effect of income tax positions only when they are more likely than not of being sustained. Management has determined that the Organization had no uncertain tax positions that would require financial statement recognition or disclosure. The Organization is no longer subject to examinations by the applicable taxing jurisdictions for years prior to June 30, 2020.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is March 19, 2025.

3. Property and Equipment

Property and equipment consist of the following at June 30, 2023:

Land	\$ 128,007
Buildings and improvements	1,906,238
Furniture and equipment	<u>272,284</u>
	2,306,529
Accumulated depreciation	<u>(1,324,989)</u>
	<u>\$ 981,540</u>

4. Line of Credit

At June 30, 2023 the Organization has a \$500,000 revolving line of credit with a financial institution which expired on August 24, 2023 and was renewed through March 3, 2025 and is expected to be renewed. The line of credit is secured by the Organization's receivables and fixed assets. Borrowings under this arrangement bore interest at the Wall Street Journal prime rate plus 1.25% (9.5% at June 30, 2023) is payable monthly. There are no outstanding balances at June 30, 2023.

Ruby's Place, Inc.

Notes to Financial Statements June 30, 2023

5. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following at June 30, 2023:

<u>Purpose/Restriction</u>	<u>Beginning of Year</u>	<u>Additions</u>	<u>Net Assets Released</u>	<u>End of Year</u>
Youth services	\$ 19,954	\$ 50,000	\$ (22,365)	\$ 47,589
Life story initiative	-	282,052	(90,000)	192,052
Time restriction	<u>164,250</u>	<u>200,000</u>	<u>(164,250)</u>	<u>200,000</u>
Total Net Assets with Donor Restrictions	<u>\$ 184,204</u>	<u>\$532,052</u>	<u>\$ (276,615)</u>	<u>\$ 439,641</u>

6. Net Assets with Board Designations

During 2022, the Board of Directors established three reserves designated for the following purposes.

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 Board of Directors. The Capital Improvement Fund shall be maintained at a minimum of \$100,000 for long term projects such as infrastructure or property changes, development of transitional housing, and capacity building. The Program Reserve Fund shall have funding set aside for specific programs and initiatives as established by state and federal awards.

The amounts of the reserves are as follows at June 30, 2023:

Operating reserve fund	\$ 370,891
Capital improvement fund	<u>100,000</u>
	<u>\$ 470,891</u>

The Program Reserve Fund did not have a balance at June 30, 2023.

Ruby's Place, Inc.

Notes to Financial Statements June 30, 2023

7. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year are as follows at June 30, 2023:

Financial Assets:	
Cash and cash equivalents	\$ 1,672,740
Grants receivable	2,560,980
Other receivables	250
Cash surrender value of life insurance	31,631
Total Financial Assets	<u>4,233,970</u>
Less: Restricted Amounts	
Board designated	(470,891)
Net assets with donor restrictions	<u>(439,641)</u>
Financial Assets Available to Meet General	
Expenditures Over the Next Twelve Months	<u>\$ 3,323,438</u>

The Organization receives significant support and revenue unrestricted and restricted to give restricted by private donors and government agencies considers these 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 also has access to a \$500,000 line of credit to help alleviate liquidity needs. 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.

8. Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and receivables. The Organization places its cash and cash equivalents with high credit quality financial institutions which, at times, may exceed federally insured limits prescribed by the Federal Deposit Insurance Corporation ("FDIC"). The Organization has not experienced losses. At June 30, 2023, the Organization's cash and cash equivalent balances on deposit exceeded the federal insurance limits by approximately \$1,387,000.

Grants receivable credit risk is limited due to the nature of these receivables which consist principally of amounts due from government and foundation grants. The Organization considers all receivables to be collectible.

Ruby's Place, Inc.

Notes to Financial Statements June 30, 2023

9. Donated Goods and Services

The Organization received donated contributions and services as follows for the years ended June 30, 2023:

		<u>Usage in Program/Activities</u>	<u>Donor Restriction</u>
Program supplies	\$ 39,161	Program and administration	None
Donated services	<u>1,600</u>	Program and administration	None
	<u>\$ 40,761</u>		

The donated services relate to work performed by third - party volunteers. The fair value of the services is based on current rates for similar services.

The fair value of program supplies received is based on the estimated wholesale values that would have been received for selling similar products.

The Organization does not sell in-kind contributions.

10. Operating Leases

The Organization has one long term facility operating lease expiring in fiscal 2027.

The Organization amortizes the operating lease right-of-use asset over the remaining life of the lease agreement. The right-of-use asset consists of the following at June 30, 2023:

Right-of-use asset - operating leases	\$ 297,901
Less: accumulated amortization	<u>(59,422)</u>
	<u>\$ 238,479</u>

The facility is operated under a non-cancellable operating lease requiring future minimum payments as follows for the years ending June 30:

2024	\$ 65,130
2025	67,899
2026	69,258
2027	<u>52,713</u>
Total Undiscounted Cash Flows	255,000
Less: imputed interest	<u>(13,199)</u>
Total Lease Liabilities	<u>\$ 241,801</u>

Occupancy expense for the year ended June 30, 2023 was \$286,956 with \$67,114 related to operating lease costs, \$127,095 related to short term lease costs, and the remainder relating to other variable occupancy costs totaling \$92,747.

Ruby's Place, Inc.

Notes to Financial Statements June 30, 2023

10. Operating Leases *(continued)*

The weighted average discount rate and remaining lease terms of the leases at June 30, 2023 are as follows:

Weighted Average	
Discount rate	2.88%
Remaining leases term in years	3.75

Supplemental cash flow information related to operating leases was as follows for the year ended June 30, 2023:

Cash paid for amounts included in the measurement of operating lease liabilities	\$ 63,792
ROU assets recognized upon adoption of new lease guidance	\$ 297,901

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 \$70,567 for the year ended June 30, 2023.

12. Deferred Compensation

The Organization entered into a 457(f) deferred compensation arrangement with the Organization's Executive Director. Under the current arrangement, the Organization makes contributions to a split-dollar life insurance policy in which the Executive Director is named as a beneficiary. The policy and underlying cash surrender values are assets of the Organization until the Executive Director is fully vested under the plan. Contributions to the plan by the Organization totaled \$20,000 for the year ended June 30, 2023. The balance of the 457(f) assets totaled \$31,631 as of June 30, 2023 and the associated liability is included in accrued liabilities on the accompanying statement of financial position.

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Ruby's Place, Inc.

Uniform Guidance
Schedules and Reports

June 30, 2023

Ruby's Place, Inc.

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Housing and Urban Development				
Continuum of Care Program	14.267		\$ -	\$ 551,953
			-	147,388
			-	<u>584,363</u>
			-	<u>1,283,704</u>
Pass-through from City of Hayward				
Community Development Block Grants/Entitlement Grants	14.218	22-107	-	45,141
Community Development Block Grants/Entitlement Grants		21-058	-	13,788
Total Pass-through from City of Hayward			-	<u>58,929</u>
Total CDGB - Entitlement Grants Cluster			-	<u>58,929</u>
Total U.S. Department of Housing and Urban Development			-	<u>1,342,633</u>
U.S. Department of Justice				
Services for Trafficking Victims	16.320		100,073	174,843
			-	122,894
			-	294,725
			246,332	321,607
			-	330,964
			-	58,126
Pass-through from Alameda County District Attorney's office				
Services for Trafficking Victims	16.320	17812	-	279,283
Services for Trafficking Victims		4056	-	8,062
Total Services for Trafficking Victims			<u>346,405</u>	<u>1,590,504</u>
Enhanced Training and Services to End Violence and Abuse of Women Later in Life	16.528		2,996	58,206
Pass-through from the State of California - Governor's Office of Emergency Services				
Crime Victim Assistance	16.575	DV20 12 8631	-	22,111
		DV22 14 8631	-	217,942
		XD20 03 8631	-	148,426
		XD22 01 8631	-	179,254
		XH21 04 8631	-	108,256
		XH22 01 8631	-	138,215
		KE22 01 8631	-	201,870
		UV22 01 8631	-	65,083
Total Crime Victim Assistance			-	<u>1,081,157</u>
Crime Victim Assistance/Discretionary Grants	16.582		-	22,103
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault	16.736		1,068	121,850
Total U.S. Department of Justice			<u>350,469</u>	<u>2,873,820</u>
U.S. Department of Health and Human Services				
Pass-through from State of California - Governor's Office of Emergency Services				
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	DV20 12 8631	-	28,488
		DV22 14 8631	-	117,665
		FO22 01 8631	-	672,495
		FO22 A1 8631	-	21,225
		FO22 C1 8631	-	19,283
		FO22 B1 8631	-	27,786
		XD20 03 8631	-	21,539
Total Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services			-	<u>908,481</u>
Demonstration Grants for Domestic Victims of Human Trafficking	93.327		196,570	386,706
Pass-through from U.S. Committee for Refugees and Immigrants				
Services to Victims of a Severe Form of Trafficking	93.598	90ZV0137-01-00	-	3,511
Basic Center Grant	93.623		-	170,587
Pass-through from Family Violence Law Center				
Temporary Assistance for Needy Families	93.558	900177	-	70,000
Pass-through from U.S. Office of Refugee Resettlement				
Unaccompanied Alien Children Program	93.676	90ZU0522-01-00	-	125,987
Total U.S. Department of Health and Human Services			<u>196,570</u>	<u>1,665,272</u>
U.S. Department of Homeland Security				
Pass-through from The United Way Bay Area				
Emergency Food and Shelter National Board Program	97.024	Phase 39	-	85,000
		Phase 39	-	13,545
Total U.S. Department of Homeland Security			-	<u>98,545</u>
Total Expenditures of Federal Awards			<u>\$ 547,039</u>	<u>\$ 5,980,270</u>

See independent auditors' report and notes to schedule of expenditures of federal awards

Ruby's Place, Inc.

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2023

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Ruby's Place, Inc. ("RP") under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with 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 RP, it is not intended to and does not present the financial position, changes in net assets or cash flows of RP.

2. Summary of Significant Accounting Policies

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. Pass-through entity identifying numbers are presented where available.

3. Nonmonetary Assistance

Nonmonetary assistance is reported in the Schedule based on the amount disbursed or received. RP received no nonmonetary assistance for the year ended June 30, 2023.

4. Indirect Cost Rate

RP has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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*

Independent Auditors' Report

Board of Directors
Ruby's Place, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Ruby's Place, Inc. ("RP"), 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 then ended, and the related notes to the financial statements, and have issued our report thereon dated March 19, 2025.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and a significant deficiency.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2023-001, 2023-002, and 2023-003 to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2023-004 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether RP'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 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 2023-001, 2023-002, 2023-003, and 2023-004.

Ruby's Place's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on RP's response to the findings identified in our audit is described in the accompanying scheduling of findings and questioned costs. RP's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

PKF O'Connor Davies, LLP

March 19, 2025



Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditors' Report

**Board of Directors
Ruby's Place, Inc.**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Ruby's Place, Inc.'s ("RP") 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 RP's major federal programs for the year ended June 30, 2023. RP's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, RP 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of RP 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 RP'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 RP'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 RP'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 RP'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 RP'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 RP'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 RP'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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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 have not been identified. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a significant deficiency.

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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-005 to be a significant deficiency.

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 RP's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. RP's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

PKF O'Connor Davies, LLP

March 19, 2025

Ruby's Place, Inc.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Section I – Summary of Auditors' Results

Financial Statements

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

Internal control over financial reporting:

Material weakness(es) identified? X yes no

Significant deficiency(ies) identified? X yes no

Noncompliance material to financial statements noted? X yes no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? X yes no

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

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

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
16.575	Crime Victim Assistance
93.671	Family Violence Prevention and Services

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

Auditee qualified as low-risk auditee? yes X no

Ruby's Place, Inc.

Schedule of Findings and Questioned Costs (*continued*) Year Ended June 30, 2023

Section II – Financial Statement Findings

2023-001: Timely Submission of Uniform Guidance Audit Package

Criteria

RP is required to submit its data collection form ("SF-SAC") together with the Uniform Guidance reporting package by the mandated due date of March 31, 2024

Condition

RP did not submit its SF-SAC together with the Uniform Guidance reporting package by the mandated due date of March 31, 2024.

Cause

There was significant turnover in finance personnel at RP leading to a loss of institutional knowledge. In addition, not all account balances were completely reconciled and analyzed at the commencement of the audit process.

Effect

Failure to submit the SF-SAC in a timely manner caused RP to be noncompliant with Uniform Guidance reporting requirements.

Recommendation

We recommend management begin the audit process earlier to ensure that the audit process can be completed in time for the due date.

Views of Responsible Officials

See Corrective Action Plan.

Ruby's Place, Inc.

Schedule of Findings and Questioned Costs (*continued*) Year Ended June 30, 2023

Section II – Financial Statement Findings (*continued*)

2023-002: Audit Preparedness

Criteria

A complete and accurate final 2023 general ledger and supporting schedules should be readily available at the beginning of audit fieldwork.

Condition

A complete and accurate final 2023 general ledger and supporting schedules were not readily available. In addition, reconciliations of significant accounts were either not prepared and/or updated throughout the year. As a result, this caused major delays in finalizing the audit.

Cause

There was significant turnover in finance personnel at RP leading to a loss of institutional knowledge.

Effect

Delays in the audit led to a failure to submit the SF-SAC in a timely manner and caused RP to be noncompliant with Uniform Guidance reporting requirements.

Recommendation

The financial condition of RP can only be determined and communicated to the Board of Directors on a timely basis if the books and records are up to date. We recommend that controls and procedures be strengthened to ensure that the closing process is completed in a timely manner in future periods. We also recommend that key general ledger accounts be reconciled on a regular basis (at least quarterly).

Views of Responsible Officials

See Corrective Action Plan.

Ruby's Place, Inc.

Schedule of Findings and Questioned Costs (*continued*) Year Ended June 30, 2023

Section II – Financial Statement Findings (*continued*)

2023-003: Improper Revenue Recognition (With and Without Donor Restrictions)

Criteria

A detailed review of revenue transactions should be conducted by management for proper revenue recognition and cutoff prior to the start of audit fieldwork.

Condition

Certain revenue was not recognized in the correct period and necessitated a material adjustment.

Cause

There was significant turnover in finance personnel at RP leading to a loss of institutional knowledge. In addition, not all account balances were completely reconciled and analyzed at the commencement of the audit process.

Effect

A material adjustment had to be made to the revenue reported on the accompanying statement of activities.

Recommendation

We recommend management strengthen internal controls to properly determine the proper period of revenue recognition.

Views of Responsible Officials

See Corrective Action Plan.

Ruby's Place, Inc.

Schedule of Findings and Questioned Costs (*continued*) Year Ended June 30, 2023

Section II – Financial Statement Findings (*continued*)

2023-004: Timely and Accurate Bank Reconciliations

Criteria

All bank accounts should be reconciled on a timely basis with all reconciling items investigated and resolved.

Condition

Two bank accounts contained significant monthly variances that continued to exist over an extended period of time.

Cause

There was significant turnover in finance personnel at RP leading to a loss of institutional knowledge.

Effect

Personnel turnover led to schedules needed for the audit having to be revisited multiple times in resolving historic reconciliation differences.

Recommendation

The difference for one account was ultimately resolved in fiscal 2025 with outsourced accounting consultants being engaged to reconcile the books and records. The difference in the remaining account remains outstanding. Management should review and reconcile all bank accounts on a monthly basis. In addition, management should strengthen processes and internal controls to incorporate segregation of duties when performing bank reconciliations.

Views of Responsible Officials

See Corrective Action Plan.

Ruby's Place, Inc.

Schedule of Findings and Questioned Costs (*continued*)
Year Ended June 30, 2023

Section III – Federal Award Findings and Questioned Costs

2023-005: Subrecipient Monitoring

FALN: 16.320

Program or Cluster Name: Services for Trafficking Victims

Agency: U.S. Department of Justice

Criteria

RP must maintain a subrecipient monitoring checklist for each subrecipient it works with. Maintenance of monitoring checklists ensure that reporting timelines are met in accordance with federal grant agreements and that waste and abuse of federal awards are identified timely.

Condition

Subrecipient monitoring is being done by RP for each subrecipient organization. However, a routine and comprehensive checklist is not maintained for each subrecipient organization that RP works with. Furthermore, RP did not consistently communicate reporting timelines as outlined by the federal awarding agencies. Finally, while there was evidence of subrecipient review, signed reports indicating evidence of review by multiple RP personnel were not consistently maintained.

Cause

Due to the turnover in finance personnel during fiscal 2023 and in the past, there has been a loss of institutional knowledge among RP personnel regarding grant compliance requirements and best practices.

Effect

There is a lack of appropriate oversight and monitoring of the underlying subrecipient organizations by RP. The lack of consistent oversight opens up the opportunity for potential waste and abuse of federal funding and resources by the underlying subrecipient organization.

Repeat Finding

No

Recommendation

We recommend that RP consistently fills out a Subrecipient Monitoring Checklist for each subrecipient organization.

View of Responsible Officials

See Corrective Action Plan.

Ruby's Place, Inc.

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2023

Appendix A

2022-01: Special Tests - Rent Reasonableness

FALN: 16.320

Program or Cluster Name: Services for Trafficking Victims

Agency: U.S. Department of Justice

Condition: RP 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 participant's housing.

Status: The finding has been corrected.

2022-02 Activities Allowed or Unallowed and Allowable Costs/Cost Principles

FALN: 14.267 / 16.320

Program or Cluster Name: Continuum of Care Programs; Services for Trafficking Victims

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

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 programs, 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.

Status: The finding has been corrected.

* * * * *

**CORRECTIVE ACTION PLAN
APPENDIX B
Year Ended June 30, 2023**

Date: March 19, 2025

TO: US Department of Justice

FROM: Debi Himovitz, Associate Executive Director, Ruby's Place

SUBJECT: Corrective Action Plan

Section II - Financial Statement Findings

2023-001: Timely Submission of Uniform Guidance Audit Package

Criteria: RP is required to submit its data collection form ("SF-SAC") together with the Uniform Guidance reporting package by the mandated due date of March 31, 2024.

Condition: RP did not submit its SF-SAC together with the Uniform Guidance reporting package by the mandated due date of March 31, 2024.

Cause: There was significant turnover in finance personnel at RP leading to a loss of institutional knowledge. In addition, not all account balances were completely reconciled and analyzed at the commencement of the audit process.

Effect: Failure to submit the SF-SAC in a timely manner caused RP to be noncompliant with Uniform Guidance reporting requirements.

Recommendation: We recommend management begin the audit process earlier to ensure that the audit process can be completed in time for the due date.

Views of Responsible Officials:

RP is implementing a structured month-end, quarter-end, and year-end closing process to ensure financial records are updated promptly. A closing checklist has been introduced to track key tasks, including reconciliations, review of supporting schedules, and ledger finalization. As part of this process, RP will ensure the timely submission of the certification of the data collection form to the federal audit clearing house.

2023-002: Audit Preparedness

Criteria: A complete and accurate final 2023 general ledger and supporting schedules should be readily available at the beginning of audit fieldwork.

Condition: A complete and accurate final 2023 general ledger and supporting schedules were not readily available. In addition, reconciliations of significant accounts were either not prepared and/or updated throughout the year. As a result, this caused major delays in finalizing the audit.

Cause: There was significant turnover in finance personnel at RP leading to a loss of institutional knowledge.

Effect: Delays in the audit led to a failure to submit the SF-SAC in a timely manner and caused RP to be noncompliant with Uniform Guidance reporting requirements.

Recommendation: The financial condition of RP can only be determined and communicated to the Board of Directors on a timely basis if the books and records are up to date. We recommend that controls and procedures be strengthened to ensure that the closing process is completed in a timely manner in future periods. We also recommend that key general ledger accounts be reconciled on a regular basis (at least quarterly).

Views of Responsible Officials:

RP is implementing a structured month-end and quarter-end closing process to ensure financial records are updated promptly. A closing checklist has been introduced to track key tasks, including reconciliations, review of supporting schedules, and ledger finalization. The finance team has received additional training on timely financial reporting and reconciliation procedures. Key general ledger accounts will be reconciled at least quarterly, with high-risk accounts reviewed monthly. Our Controller will oversee reconciliations, ensuring accuracy and timely updates. An internal review process has been established to verify reconciliations and promptly address discrepancies. RP is implementing financial software to automate processes and reduce manual errors. We will explore additional reporting tools to improve real-time financial visibility and tracking. The Associate Executive Director will monitor financial reporting and reconciliations. Quarterly financial review meetings will be conducted with finance staff and the Associate Executive Director to ensure compliance with these strengthened procedures.

2023-003: Improper Revenue Recognition (With and Without Donor Restrictions)

Criteria: A detailed review of revenue transactions should be conducted by management for proper revenue recognition and cutoff prior to the start of audit fieldwork.

Condition: Certain revenue was not recognized in the correct period and necessitated a material adjustment.

Cause: There was significant turnover in finance personnel at RP leading to a loss of institutional knowledge. In addition, not all account balances were completely reconciled and analyzed at the commencement of the audit process.

Effect: A material adjustment had to be made to the revenue reported on the accompanying statement of activities.

Recommendation: We recommend management strengthen internal controls to properly determine the proper period of revenue recognition.

Views of Responsible Officials:

RP has implemented standardized revenue recognition policies aligned with GAAP and applicable nonprofit accounting standards. Clear documentation and review processes will be established to ensure revenue is recorded in the correct period. Finance team members responsible for revenue recognition will receive additional training on proper revenue classification and timing. Regular internal reviews of revenue transactions will be conducted to identify and correct discrepancies before financial statements are finalized. Our Controller will review all revenue entries before month-end and year-end closes to ensure correct period recognition. Quarterly financial reviews will include an assessment of revenue recognition compliance to identify any trends or potential risks.

2023-004: Timely and Accurate Bank Reconciliations

Criteria: All bank accounts should be reconciled on a timely basis with all reconciling items investigated and resolved.

Condition: Two bank accounts contained significant monthly variances that continued to exist over an extended period of time.

Cause: There was significant turnover in finance personnel at RP leading to a loss of institutional knowledge.

Effect: Personnel turnover led to schedules needed for the audit having to be revisited multiple times in resolving historic reconciliation differences.

Recommendation: The difference for one account was ultimately resolved in fiscal 2025 with outsourced accounting consultants being engaged to reconcile the books and records. The difference in the remaining account remains outstanding. Management should review and reconcile all bank accounts on a monthly basis. In addition, management should strengthen processes and internal controls to incorporate segregation of duties when performing bank reconciliations.

Views of Responsible Officials:

RP has established a structured process requiring all bank accounts to be reconciled monthly. A reconciliation checklist has been developed to track and document the completion of all reconciliation activities. A timeline and accountability framework will ensure prompt resolution of outstanding discrepancies. RP will resolve the remaining account discrepancy and finalize the reconciliation by the end of FY25. A detailed review of historical transactions will be conducted to determine and address the root cause of the variance. RP has implemented a segregation of duties framework to ensure the individual preparing the bank reconciliations is not the same person responsible for recording transactions. A designated finance team member or leadership will independently review bank reconciliations to verify accuracy and compliance. The finance team will undergo training on best practices for bank reconciliation and variance resolution. Quarterly internal audits will be conducted to verify adherence to reconciliation processes and assess opportunities for improvement.

Section III - Federal Award Findings and Questioned Costs

2023-005: Subrecipient Monitoring

FALN: 16.320

Program or Cluster Name: Services for Trafficking Victims

Agency: U.S. Department of Justice

Criteria: RP must maintain a subrecipient monitoring checklist for each subrecipient it works with. Maintenance of monitoring checklists ensure that reporting timelines are met in accordance with federal grant agreements and that waste and abuse of federal awards are identified timely.

Condition: Subrecipient monitoring is being done by RP for each subrecipient organization. However, a routine and comprehensive checklist is not maintained for each subrecipient organization that RP works with. Furthermore, RP did not consistently communicate reporting timelines as outlined by the federal awarding agencies. Finally, while there was evidence of subrecipient review, signed reports indicating evidence of review by multiple RP personnel were not consistently maintained.

Cause: Due to the turnover in finance personnel during fiscal 2023 and in the past, there has been a loss of institutional knowledge among RP personnel regarding grant compliance requirements and best practices.

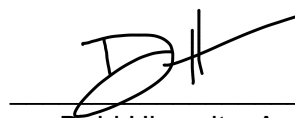
Effect: There is a lack of appropriate oversight and monitoring of the underlying subrecipient organizations by RP. The lack of consistent oversight opens up the opportunity for potential waste and abuse of federal funding and resources by the underlying subrecipient organization.

Repeat Finding: No.

Recommendation: We recommend that RP consistently fill out a Subrecipient Monitoring Checklist for each subrecipient organization.

Views of Responsible Officials

RP has developed a Subrecipient Monitoring Checklist and will consistently complete it for each subrecipient organization. The checklist will document required oversight activities including financial and programmatic reviews and compliance verification. RP will require all subrecipient monitoring reports to be signed and reviewed by designated personnel to ensure accountability. Documentation will be saved in a centralized location to maintain complete and organized records of all subrecipient oversight activities. RP will develop a formalized communication process to ensure all subrecipients receive and acknowledge reporting timelines in accordance with federal grant requirements. Reminders and follow-ups will be scheduled to ensure timely submission and review of required reports.



Debi Himovitz, Associate Executive Director
Ruby's Place