

RESOURCES FOR INDEPENDENCE – CENTRAL VALLEY

ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
SEPTEMBER 30, 2019**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Resources for Independence – Central Valley

Report on the Financial Statements

We have audited the accompanying financial statements of the Resources for Independence – Central Valley (the Organization), which comprise the statement of financial position as of September 30, 2019 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Organization's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2020, 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 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 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.

HUDSON HENDERSON & COMPANY, INC.

Hudson Henderson & Company, Inc.

Fresno, California
May 14, 2020

**RESOURCES FOR INDEPENDENCE – CENTRAL VALLEY
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2019**

ASSETS

Current Assets	
Cash and cash equivalents	\$ 394,679
Accounts receivable	197,911
Prepaid expenses	<u>20,572</u>
Total current assets	613,162
Property and Equipment, Net	145,687
Deposits	<u>9,000</u>
Total Assets	<u><u>\$ 767,849</u></u>

LIABILITIES AND NET ASSETS

Liabilities	
Current Liabilities	
Accounts payable and accrued expenses	\$ 17,134
Accrued salaries and related expenses	27,756
Accrued compensated absences	31,094
Capital lease, current portion	<u>7,969</u>
Total current liabilities	<u>83,953</u>
Long-Term Liabilities	
Capital lease, noncurrent portion	<u>72,031</u>
Total long-term liabilities	<u>72,031</u>
Total liabilities	<u>155,984</u>
Net Assets	
With donor restrictions	-
Without donor restrictions	<u>611,865</u>
Total net assets	<u>611,865</u>
Total Liabilities and Net Assets	<u><u>\$ 767,849</u></u>

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

**RESOURCES FOR INDEPENDENCE – CENTRAL VALLEY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES			
Grants and contracts	\$ -	\$ 1,018,201	\$ 1,018,201
Program service fee	21,487	-	21,487
Fundraising	7,996	-	7,996
Other income and reimbursements	1,573	-	1,573
Contributions	51,578	-	51,578
Interest income	445	-	445
Net assets released from restrictions			
Satisfaction of acquisition restrictions	1,018,201	(1,018,201)	-
Total Support and Revenues	<u>1,101,280</u>	<u>-</u>	<u>1,101,280</u>
EXPENSES			
Program services	1,014,763	-	1,014,763
Supporting services			
Management and general	55,716	-	55,716
Fundraising	9,235	-	9,235
Total Expenses	<u>1,079,714</u>	<u>-</u>	<u>1,079,714</u>
Change in Net Assets	21,566	-	21,566
Net Assets at Beginning of Year	590,299	-	590,299
Net Assets at End of Year	<u>\$ 611,865</u>	<u>\$ -</u>	<u>\$ 611,865</u>

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

**RESOURCES FOR INDEPENDENCE – CENTRAL VALLEY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	PROGRAM SERVICES				SUPPORTING SERVICES			
	Independent Living	Interpreting	Job Placement	Community Education	Total Program Services	Management and General	Fundraising	Total
Wages, benefits and payroll taxes	\$ 592,773	\$ 12,341	\$ -	\$ 38,142	\$ 643,256	\$ 4,224	\$ 1,818	\$ 649,298
Bad debt	-	-	-	-	-	23,846	-	23,846
Building maintenance	13,814	226	-	928	14,968	102	36	15,106
Community outreach	48,821	132	-	57	49,010	20	27	49,057
Conference and travel fees	22,829	2,200	-	1,566	26,595	510	257	27,362
Contract services	44,334	2,487	-	2,775	49,596	310	125	50,031
Depreciation	-	-	-	-	-	9,913	-	9,913
Dues and subscriptions	15,299	367	-	926	16,592	106	56	16,754
Equipment usage	7,104	201	-	294	7,599	49	39	7,687
Insurance	15,583	271	-	637	16,491	84	13	16,588
Professional expenses	23,792	458	-	1,560	25,810	157	52	26,019
Miscellaneous	282	-	-	-	282	12,823	-	13,105
Occupancy	89,436	1,937	-	5,283	96,656	708	296	97,660
Office expenses	9,196	159	47	632	10,034	2,058	357	12,449
Printing, postage and shipping	1,751	28	-	99	1,878	11	6	1,895
Software expense	17,459	372	-	1,659	19,490	-	48	19,538
Special events	2,537	32	52	188	2,809	564	5,959	9,332
Staff training/travel	4,791	36	-	415	5,242	42	7	5,291
Telephone	16,072	485	-	611	17,168	112	91	17,371
Utilities	10,469	242	-	576	11,287	77	48	11,412
Total Expenses	\$ 936,342	\$ 21,974	\$ 99	\$ 56,348	\$ 1,014,763	\$ 55,716	\$ 9,235	\$ 1,079,714

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

**RESOURCES FOR INDEPENDENCE – CENTRAL VALLEY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Cash Flows from Operating Activities	
Change in net assets	\$ 21,566
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	9,913
Gain (loss) on sale of assets	12,840
Changes in operating assets and liabilities:	
Accounts receivable	(44,103)
Prepaid expenses	(21,421)
Accounts payable and accrued expenses	(14,230)
Accrued salaries and related expenses	7,258
Accrued compensated absences	5,948
	<u>5,948</u>
Net cash used by operating activities	<u>(22,229)</u>
Cash Flows from Investing Activities	
Purchase of property and equipment	<u>(47,440)</u>
Net cash used by investing activities	<u>(47,440)</u>
Net decrease in cash and cash equivalents	(69,669)
Cash and Cash Equivalents, Beginning of Year	<u>464,348</u>
Cash and Cash Equivalents, End of Year	<u>\$ 394,679</u>
Supplemental Cash Flows Disclosures	
Non-cash financing activities:	
Acquisition of capital assets via a capital lease	<u>\$ 80,000</u>

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

RESOURCES FOR INDEPENDENCE – CENTRAL VALLEY
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities: Resources for Independence – Central Valley (the Organization) is a California non-profit corporation dedicated to empowering people with disabilities through a flexible range of services and opportunities to make informed choices and be in control of their lives. The Organization holds that all individuals with disabilities have the right to maintain control over their life choices through peer support, interaction, education, training, personal assistance services, and advocacy.

The Organization serves several counties in the San Joaquin Valley and the primary source of revenue and support is from government grants.

Basis of Presentation: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities*. Under Accounting Standard Codification (ASC) Topic 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are the portion of net assets over which the governing board has discretionary control for the general operations of the Organization. The only limits on net assets without donor restrictions are limits resulting from contractual agreements.

Net assets with donor restrictions are the portion of net assets resulting from contribution, pledges, and other inflows of assets whose use by the Organization is limited by donor-imposed restrictions that expire by the passage of time or usage, and the portion of net assets restricted by external parties (donors, grantors, or laws and regulations) in ways that are not dependent on the passage of time.

Method of Accounting: The Organization uses the accrual basis method of accounting in accordance with accounting principles generally accepted in the United States of America, in which revenue and support are recognized when earned or due. Expenses are recognized when incurred.

Cash and Cash Equivalents: For purposes of reporting the Statement of Cash Flows, the Organization considers all cash accounts and all highly liquid debt instruments purchased with an original maturity of three (3) months or less to be cash equivalents.

Accounts Receivable: The Organization utilizes the allowance method of accounting for uncollectible or doubtful accounts based on historical experience and current information as it becomes available. Management considered all accounts to be fully collectable, therefore, there was no allowance for doubtful accounts recorded at September 30, 2019. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received. All accounts receivable are non-interest bearing.

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

RESOURCES FOR INDEPENDENCE – CENTRAL VALLEY
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment: Property and equipment are stated at cost, less accumulated depreciation. Depreciation is computed by using the straight-line method depreciated over the estimated useful life of the asset. Leasehold improvements are depreciated using the straight-line method over the lesser of the estimated useful life of the asset or the related lease term. Major replacements and improvements, in excess of \$1,000, or per management’s discretion as determined to have a useful life, are capitalized at cost. Maintenance, repairs, and minor replacements are expensed when incurred. Estimated useful lives vary within the following ranges:

	<u>Years</u>
Office equipment and furniture	3-7

Office equipment and furniture acquired with specific grant funds are considered to be owned by the Organization while used in the program; however, these specific funding agencies have a reversionary interest in all such property. Such equipment is shown as Contributed Capital. Accordingly, further use or disposition thereof, as well as utilization of any proceeds from disposition, is subject to applicable regulations as provided for by law or by the specific funding agency’s contract.

Compensated Absences: The Organization recognizes accrued compensated absences as a liability. As of September 30, 2019, the accrued compensated absences balance was \$31,094. Sick leave is not vested and, therefore, is not accrued.

Support and Revenue: The Organization receives support primarily through federal, state, and local agencies. Support received from those agencies is recognized when earned under the terms and conditions of the award, generally when the related expenditure is incurred or service has been performed.

In-Kind Contributions: Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Income Taxes: The Organization is a tax-exempt Organization under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the State of California Corporate Code. The Organization is subject to taxation on any unrelated business income. Thus, no provision for taxes is included in these statements.

Allocation of Expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Expenses are charged to programs and supporting services on the basis of program costs. Administrative costs include those expenses that are not directly identifiable with any specific function but provide for the overall support and direction of the Organization.

Fair Value of Financial Instruments: Financial instruments include cash and cash equivalents, accounts receivable, prepaid expenses, accounts payable and accrued expenses, accrued salaries and related expenses and accrued compensated absences, none of which are held for trading purposes. The fair values of all financial instruments do not differ materially from the aggregate carrying values of the financial instruments recorded in the accompanying Statement of Financial Position. The carrying amounts of these financial instruments approximate fair value because of the short-term maturities of those instruments.

Concentrations of Credit Risk: The Organization maintains cash balances in several financial institutions. Cash balances in interest-bearing transaction accounts are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000 per institution. As of September 30, 2019, the Organization had \$144,310 held with financial institutions that exceeded the FDIC limit and were uninsured.

RESOURCES FOR INDEPENDENCE – CENTRAL VALLEY
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent Events: In compliance with accounting standards, management has evaluated events that have occurred after year-end to determine if these events are required to be disclosed in the financial statements. Management has determined that no events require disclosure in accordance with accounting standards. These subsequent events have been evaluated through May 14, 2020, which is the date the financial statements were available to be issued.

NOTE 2 – ACCOUNTS RECEIVABLE

Accounts receivable are primarily contracts from funding sources for services performed under cost reimbursement or exchange contracts. The accounts receivable are stated at the unpaid balance less an allowance for doubtful accounts. The balance of allowance for doubtful accounts as of September 30, 2019 is \$0. The allowance is based on experience and other circumstances which may affect the ability of county agencies to meet their obligations.

Accounts receivable at September 30, 2019, consist of:

	Amount	Percentage
Grants:		
State of California, Department of Rehabilitation	\$ 138,746	70%
Other	54,686	28%
	193,432	98%
Program service fees	4,479	2%
Total Accounts Receivable	\$ 197,911	100%

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at September 30, 2019:

	Amount
Office equipment and furniture	\$ 187,054
Less accumulated depreciation	(41,367)
Total property and equipment, net	\$ 145,687

Depreciation expense for the year ended September 30, 2019 was \$9,913.

RESOURCES FOR INDEPENDENCE – CENTRAL VALLEY
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 4 – CAPITAL LEASE PAYABLE

The Organization entered into an financing agreement to finance the furnishing and improvement of a new main office in Fresno by entering in a capital lease agreement on August 13, 2019 for \$80,000 at an interest rate of 6.955%. The lease is to be paid over five years with 60 equal monthly payments of \$1,582 starting in March 2020. Future scheduled payments are as follows:

Year Ending September 30,	Amount
2020	\$ 11,074
2021	18,984
2022	18,984
2023	18,984
2024	18,984
Thereafter	7,910
Total Payments:	94,920
Less: Interest	(14,920)
Total Principle Due:	\$ 80,000

NOTE 5 – OPERATING LEASE COMMITMENT

The Organization leases office facilities and office equipment under several operating leases, which expire at various dates through September of 2029. Total lease expense for the year ended September 30, 2019 was \$97,660. Future minimum lease payments are as follows:

Year Ending September 30,	Amount
2020	\$ 92,635
2021	93,278
2022	91,464
2023	93,288
2024	95,159
Thereafter	505,107
Total	\$ 970,931

NOTE 6 – GRANT AND CONTRACT REVENUE

Grant and contract revenue for the year ended September 30, 2019 consists of the following:

	Amount
Social Security Disability Insurance (AB204)	\$ 537,319
Title VII Part C	350,251
Work Readiness Independent Living - CVRC	59,011
Community education	57,728
Other governmental and private grants	13,892
Total grant and contract revenue	\$ 1,018,201

RESOURCES FOR INDEPENDENCE – CENTRAL VALLEY
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 7 – RETIREMENT PLAN

The Organization has a Tax-Sheltered Annuity (TSA) plan which is available to all employees. The amount of the salary reduction is determined by the participant and is paid to an independent administrator. This plan has no cost to the Organization.

NOTE 8 – CONTINGENCIES AND CONCENTRATIONS

Federal and State Grants

Amounts received from grant agencies are subject to audit and adjustment by grantor agencies, principally the state and federal government.

Any disallowed claims, including amounts already collected, may constitute a liability of the Organization. There are no pending audits or proposed adjustments at this time.

Economic Dependency

Approximately 92.5% of the Organization's total support and revenue is from state and federal grants.

NOTE 9 – INCOME TAXES

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the State of California Corporate Code. The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income ("UBTI"). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the fiscal year ending September 30, 2019.

The Organization files tax forms in the U.S. federal jurisdiction and the State of California. The Organization is generally no longer subject to examination by these agencies for years before September 30, 2016.

**RESOURCES FOR INDEPENDENCE – CENTRAL VALLEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity/ Grant Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Education:			
Direct Programs:			
Centers for Independent Living - Title VII Part C - Original	84.132	H132A970002	\$ 280,418
Centers for Independent Living - Title VII Part C - Expansion	84.132	H132A970018	<u>69,833</u>
Total U.S. Department of Education			<u>350,251</u>
Passed through State of California, Department of Rehabilitation			
Social Security Disability Insurance - AB204	96.001	29430	<u>537,319</u>
Total State of California, Department of Rehabilitation			<u>537,319</u>
Total U.S. Department of Education			<u>887,570</u>
Total Expenditures of Federal Awards			<u><u>\$ 887,570</u></u>

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

RESOURCES FOR INDEPENDENCE – CENTRAL VALLEY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents all the activity of all the federal award programs of Resources for Independence – Central Valley (the Organization) for the year ended September 30, 2019. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the schedule.

NOTE 2 – BASIS OF ACCOUNTING & PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards is prepared using the accrual basis method of accounting, which is defined in Note 1 to the Organization's financial statements. 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).

NOTE 3 – RELATIONSHIP TO FINANCIAL STATEMENTS

Federal award revenues are reported in the Organization's financial statements as grants and contracts revenue in the with donor restrictions net asset category.

NOTE 4 – INDIRECT COST RATE LIMITATION

The Organization does not use the 10 percent de minimis indirect cost rate.

NOTE 5 – SUBRECIPIENTS

The Organization had no federal expenditures as presented in the Schedule of Expenditures of Federal Awards that were provided to subrecipients.



**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
Resources for Independence – Central Valley

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 the Resources for Independence – Central Valley (the Organization), which comprise the statement of financial position as of September 30, 2019, 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 May 14, 2020.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the 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.

HUDSON HENDERSON & COMPANY, INC.

Hudson Henderson & Company, Inc.

Fresno, California
May 14, 2020



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

To the Board of Directors of
Resources for Independence – Central Valley

Report on Compliance for Each Major Federal Program

We have audited the Resources for Independence – Central Valley's (the Organization) compliance with the types of compliance requirements described 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 September 30, 2019. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, Resources for Independence – Central Valley 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 September 30, 2019.

Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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.

HUDSON HENDERSON & COMPANY, INC.

A handwritten signature in blue ink that reads "Hudson Henderson & Company, Inc." in a cursive script.

Fresno, California
May 14, 2020

**RESOURCES FOR INDEPENDENCE – CENTRAL VALLEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X No
- Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X No
- Noncompliance material to federal awards? _____ Yes X No

Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a) _____ Yes X No

Type of auditors’ report issued on compliance for major Federal programs: Unmodified

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
96.001	Social Security Disability Insurance - AB204

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

Auditee qualified as a low-risk auditee? _____ Yes X No

**RESOURCES FOR INDEPENDENCE – CENTRAL VALLEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

SECTION II – FINANCIAL STATEMENT FINDINGS

There are no financial statement findings to be reported in accordance with *Government Auditing Standards*.

SECTION III – FEDERAL AWARD FINDINGS

There are no federal award findings noted.

**RESOURCES FOR INDEPENDENCE – CENTRAL VALLEY
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no prior year financial statement findings.

SECTION III – FEDERAL AWARD FINDINGS

There were no prior year federal award findings noted.