

REGIONAL ACCESS PROJECT FOUNDATION

PALM DESERT, CALIFORNIA

INDEPENDENT AUDITOR'S REPORT
ON SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS AND
REPORTS ON INTERNAL CONTROL,
COMPLIANCE AND OTHER MATTERS

JUNE 30, 2021



LUND & GUTTRY LLP / CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Regional Access Project Foundation
Palm Desert, California

We have audited the accompanying schedule of expenditures of federal awards of Regional Access Project Foundation (Foundation), for the year ended June 30, 2021, and the related notes to the financial statements.

Management's Responsibility

Management is responsible for the preparation and fair presentation of this financial statement 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 a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

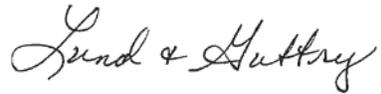
Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 statement.

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 statement referred to above presents fairly, in all material respects, the expenditures of federal awards of the Foundation for the year ended June 30, 2021, in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Lund & Guttry".

December 8, 2021



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Regional Access Project Foundation
Palm Desert, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Regional Access Project Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 8, 2021.

Internal Control over Financial Reporting

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

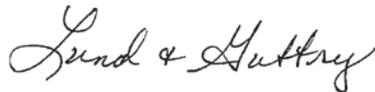
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a material weakness.

Compliance and Other Matters

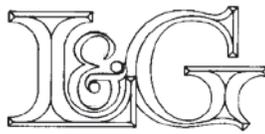
As part of obtaining reasonable assurance about whether Regional Access Project Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have 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 item 2021-001.

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 the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Lund & Guttry".

December 8, 2021



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

Board of Directors
Regional Access Project Foundation
Palm Desert, California

Report on Compliance for Each Major Federal Program

We have audited Regional Access Project Foundation's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Regional Access Project Foundation's major federal programs for the year ended June 30, 2021. Regional Access Project Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Regional Access Project Foundation'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 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). 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 Regional Access Project Foundation'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 Regional Access Project Foundation's compliance.

Opinion on Each Major Federal Program

In our opinion, Regional Access Project Foundation 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, 2021.

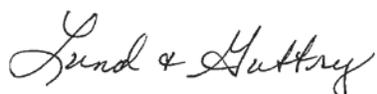
Report on Internal Control over Compliance

Management of Regional Access Project Foundation 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 Regional Access Project Foundation'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 Regional Access Project Foundation'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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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 material weaknesses. However, material weaknesses may exist that have not been identified.

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



December 8, 2021

REGIONAL ACCESS PROJECT FOUNDATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Agency/Program	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Treasury			
Passed-through from Riverside County			
Coronavirus Relief Fund - COVID-19	21.019		\$ 7,315,000
Passed-through from Inland Empire Community Foundation/Riverside County			
Coronavirus Relief Fund - COVID-19	21.019		250,000
Passed-through from Inland Empire Community Foundation/San Bernardino County			
Coronavirus Relief Fund - COVID-19	21.019		<u>32,000</u>
Total U.S. Department of Treasury			<u>7,597,000</u>
U.S. Department of Housing and Urban Development			
Passed-through from Riverside County			
Economic Development Agency Community Development Block Grant	14.218		<u>150,000</u>
Total U.S. Department of Housing and Urban Development			<u>150,000</u>
		Total Expenditures of Federal Awards	<u>\$ 7,747,000</u>

(See accompanying notes to Schedule of Expenditures of Federal Awards)

REGIONAL ACCESS PROJECT FOUNDATION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Regional Access Project Foundation under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulation* 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 Regional Access Project Foundation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Regional Access Project Foundation.

NOTE 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.

NOTE 3: INDIRECT COST RATE

Regional Access Project Foundation has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

REGIONAL ACCESS PROJECT FOUNDATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2021

A. SUMMARY OF AUDITOR’S RESULTS

1. The auditor’s report expresses an unmodified opinion on whether the financial statements of Regional Access Project Foundation were prepared in accordance with GAAP.
2. One material weakness but no significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of Regional Access Project Foundation, were disclosed during the audit.
4. No significant deficiencies relating to the audit of major federal award programs are reported in the Independent Auditor’s Report on Compliance for Each Major Program and Internal Control Over Compliance Required By The Uniform Guidance. No material weaknesses are reported.
5. The auditor’s report on compliance for Regional Access Project Foundation expresses an unmodified opinion on all major federal programs.
6. There are no audit findings that should be disclosed in accordance with 2 CFR section 200.516(a).
7. The program tested as major program was:

<u>Program Name</u>	<u>CFDA#</u>
Coronavirus Relief Fund – COVID - 19	21.019

8. The dollar threshold used for distinguishing between Type A and B programs was \$750,000.
9. Regional Access Project Foundation was determined not to be low-risk auditee. *(Since the Foundation has not had a single audit in the past two years they are required to be considered “not low-risk”)*

B. Findings – Financial Statements Audit

Finding No. 2021-001: Grants Payable and Restricted Net Assets (Material Weakness)

Criteria: Regional Access Project Foundation awards grants to other organizations. At the time the award is approved by the Board of Directors, the Organization incurs the grant payable liability. Additionally, when donors provide the Organization with funding for a specific purpose the restrictions on those funds need to be tracked as the funds are expended for their given purpose.

REGIONAL ACCESS PROJECT FOUNDATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2021

B. Findings – Financial Statements Audit – (Continued)

Condition: The Organization had not been properly recording the grants payable based on when the grants were awarded by the Board of Directors. The Organization did not account for all expenditures related to donor restricted activity resulting in an overstated restricted balance as of June 30, 2020.

Cause: The Organization's was not properly recording grants payable based on the approvals by the Board of Directors. The Organization was not maintaining a donor restricted schedule that allowed for the proper oversight and tracking of the donor restricted funds.

Effect or Potential Effect: Due to the improper recording of grants payable, grant expenses of approximately \$128,000 were recorded for amounts paid during the June 30, 2021 year causing the expenses to be overstated. Furthermore, this resulted in June 30, 2020 grant expenses to be understatement by \$134,000 (full amounts awarded). Additionally, due to the lack of tracking of the donor restricted funding, the net assets with donor restrictions were overstated by approximately \$244,000 for the year ended June 30, 2020.

Recommendation: The Organization has already implemented the process for proper tracking of grants payable and restricted funding and we recommend that they continue to maintain such accurate tracking and implement a level of review from the Board Treasurer to ensure improved accuracy.

Views of Responsible Officials and Planned Corrective Action: We agree with the auditors' comments and have made fundamental changes in our process which we will expand on to create a formal, written process and policy to include input from all stakeholder groups, no later than December 31, 2021. Additionally, we will perform quarterly reviews of grants payable to ensure compliance with our processes and materially correct grants payable balances if needed.

REGIONAL ACCESS PROJECT FOUNDATION
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

C. Findings And Questioned Costs – Major Federal Award Programs Audit

There were no findings and questioned costs for the year ended June 30, 2020.*

FEDERAL COMPLIANCE

There were no prior year findings and questioned costs for the year ended June 30, 2020.*

**It is being noted that the Foundation did not have a single audit for the year ended June 30, 2020.*