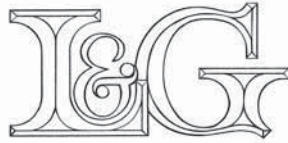


THE LGBT SANCTUARY PALM SPRINGS

PALM SPRINGS, CALIFORNIA

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

DECEMBER 31, 2018



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The LGBT Sanctuary Palm Springs
Palm Springs, California

Report on the Schedule of Expenditures of Federal Awards

We have audited the accompanying schedule of expenditures of federal awards for the Foster Care – Title IV-E of The LGBT Sanctuary Palm Springs for the year ended December 31, 2018, and the related notes (the financial statement).

Management's Responsibility for the Schedule of Expenditures of Federal Awards

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.

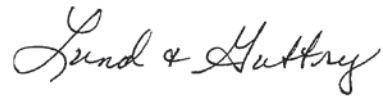
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. 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 for the Foster Care – Title IV-E of The LGBT Sanctuary Palm Springs for the year ended December 31, 2018, in accordance with accounting principles generally accepted in the United States of America.

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

July 8, 2019

THE LGBT SANCTUARY PALM SPRINGS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

Federal Grantor/Passthrough Agency/Program	Federal CFDA Number	Passthrough Entity Identifying Number	Federal Expenditures
Department of Health and Human Services			
Passthrough programs from:			
Orange County Foster Care - Title IV-E	93.658		\$ 37,166
Los Angeles County Foster Care - Title IV-E	93.658		26,443
Riverside County Foster Care - Title IV-E	93.658		13,316
Solano County Foster Care - Title IV-E	93.658		<u>51</u>
		Total Department of Health and Human Services	<u>76,976</u>
		Total Expenditures of Federal Awards	<u>\$ 76,976</u>

THE LGBT SANCTUARY PALM SPRINGS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of The LGBT Sanctuary Palm Springs under programs on the federal government for the year ended December 31, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of The LGBT Sanctuary Palm Springs, it is not intended to and does not present the financial position, changes in net assets or cash flows of The LGBT Sanctuary Palm Springs..

Note B – 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 C – Indirect Cost Rate

The LGBT Sanctuary Palm Springs has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR A FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

To the Board of Directors
The LGBT Sanctuary Palm Springs
Palm Springs, California

Report on Compliance for Foster Care – Title IV-E

We have audited The LGBT Sanctuary Palm Springs' compliance with the types of compliance requirement described in the *OMB Compliance Supplement* that could have a direct and material effect on its Foster Care – Title IV-E for the year ended December 31, 2018.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of federal awards applicable to Foster Care – Title IV-E.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for The LGBT Sanctuary Palm Springs' Foster Care – Title IV-E 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 Foster Care – Title IV-E occurred. An audit includes examining, on a test basis, evidence about The LGBT Sanctuary Palm Springs' 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 The LGBT Sanctuary Palm Springs' Foster Care – Title IV-E. However, our audit does not provide a legal determination of The LGBT Sanctuary Palm Springs' compliance.

Opinion on Compliance for Foster Care – Title IV-E

In our opinion, The LGBT Sanctuary Palm Springs complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its Foster Care – Title IV-E for the year ended December 31, 2018.

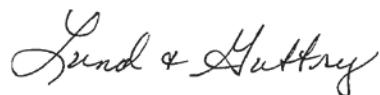
Report on Internal Control Over Compliance

Management of The LGBT Sanctuary Palm Springs 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 LGBT Sanctuary Palm Springs' internal control over compliance with the types of requirements that could have a direct and material effect on its Foster Care – Title IV-E to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its Foster Care – Title IV-E 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 LGBT Sanctuary Palm Springs' 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.



July 8, 2019



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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
The LGBT Sanctuary Palm Springs
Palm Springs, 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 The LGBT Sanctuary Palm Springs (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, 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 July 8, 2019.

Internal Control over Financial Reporting

In planning and performing our audit, we considered The LGBT Sanctuary Palm Springs' 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 LGBT Sanctuary Palm Springs' internal control. Accordingly, we do not express an opinion on the effectiveness of The LGBT Sanctuary Palm Springs' 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.

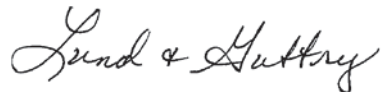
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during 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 LGBT Sanctuary Palm Springs' 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 effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



July 8, 2019

THE LGBT SANCTUARY PALM SPRINGS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018

SUMMARY OF AUDITOR'S RESULTS

- 1) The auditor's report expresses an unmodified opinion on whether the financial statements of The LGBT Sanctuary Palm Springs were prepared in accordance with GAAP.
- 2) 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 The LGBT Sanctuary Palm Springs, were disclosed during the audit.
- 4) No significant deficiencies in internal control over the federal award program were identified, which would be required to be reported in the Independent Auditor's Report on Compliance for a Federal Program and Report on Internal Control Over Compliance. No material weaknesses are reported.
- 5) The auditor's report on compliance for the federal award program for The LGBT Sanctuary Palm Springs expresses an unmodified opinion on the federal program.
- 6) There are no audit findings that should be disclosed in accordance with 2 CFR section 200.516(a).