MOVE STANISLAUS TRANSPORTATION, INC.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED
JUNE 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
MOVE Stanislaus Transportation, Inc.

We have audited the accompanying financial statements of MOVE Stanislaus Transportation, Inc. (the Organization), a nonprofit organization, which comprise the statement of financial position as of June 30, 2021, 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 and for the year ended June 30, 2021, 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.

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Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Combining Schedule of Functional Expenses and Schedule and Status of Measure L Cash on pages 13 and 14 are presented for purposes of additional analysis and are 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 information 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 December 27, 2021 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
December 27, 2021

MOVE STANISLAUS TRANSPORTATION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

ASSETS		
Current Assets		
Cash and cash equivalents	$	1,703,967
Accounts receivable		35,363
Prepaid expenses		23,683
Total current assets		1,763,013
Property and equipment, net		30,421
Total Assets	$	1,793,434
LIABILITIES AND NET ASSETS		
Liabilities		
Current Liabilities		
Accounts payable and accrued expenses	$	36,429
Accrued retirement and vacation		36,509
Unearned revenue		1,261,872
Total current liabilities		1,334,810
Total liabilities		1,334,810
Net Assets		
With donor restrictions		-
Without donor restrictions		458,624
Total net assets		458,624
Total Liabilities and Net Assets	$	1,793,434

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

MOVE STANISLAUS TRANSPORTATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Grants and contracts	$ 877,041	$ 474,534	$ 1,351,575
Other fees and reimbursements	23,984	-	23,984
Net assets released from restrictions:			
Satisfaction of grant requirements	474,534	(474,534)	-
Total Support and Revenues	1,375,559	-	1,375,559
EXPENSES			
Program services	760,148	-	760,148
Management and general	475,658	-	475,658
Total Expenses	1,235,806	-	1,235,806
Change in Net Assets	139,753	-	139,753
Net Assets at Beginning of Year	318,871	-	318,871
Net Assets at End of Year	$ 458,624	$ -	$ 458,624

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

MOVE STANISLAUS TRANSPORTATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services	Management and General	Total
Salaries	$ 301,927	$ 236,071	$ 537,998
Payroll taxes and fringe benefits	149,992	110,587	260,579
Rent	21,103	11,844	32,947
Program expenses	248,035	47	248,082
Depreciation	-	11,104	11,104
Legal and professional services	4,782	70,557	75,339
Telephone	7,818	3,715	11,533
Mileage	2,546	300	2,846
Employee development	-	7,400	7,400
Office/computer supplies	12,791	4,233	17,024
Internet	4,923	2,329	7,252
Business insurance	-	5,575	5,575
Equipment/software maintenance	983	8,219	9,202
Postage and delivery	5,248	2,043	7,291
Licenses and taxes	-	1,634	1,634
TOTAL EXPENSES	$ 760,148	$ 475,658	$ 1,235,806

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

MOVE STANISLAUS TRANSPORTATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

Cash Flows from Operating Activities	
Change in net assets	$ 139,753
Adjustments to reconcile the change in net assets to net cash provided by operating activities:	
Depreciation	11,104
Changes in operating assets and liabilities:	
Accounts receivable	28,603
Prepaid expenses	(3,489)
Accounts payable and accrued expenses	(79,963)
Accrued retirement and vacation	4,152
Unearned revenue	498,855
Payroll Protection Program loan payable	(31,048)
Net cash provided by operating activities	567,967
Cash Flows from Investing Activities	
Purchase of property and equipment	(6,393)
Net cash used by investing activities	(6,393)
Net increase in cash and cash equivalents	561,574
Cash and Cash Equivalents, Beginning of Year	1,142,393
Cash and Cash Equivalents, End of Year	$ 1,703,967

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

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

Nature of Activities: In 1979, California law established the concept of regional Consolidated Transportation Services Agencies (CTSA) in an effort to improve the coordination of various programs and funding sources that serve the transportation needs of older adults, people with disabilities, and low-income populations. The Stanislaus Council of Governments (StanCOG) designated MOVE Stanislaus Transportation, Inc. (MOVE) as the CTSA for Stanislaus County. MOVE (the Organization) has been in operation since October 18, 2017. MOVE (the Organization) is staffed by ten employees and is funded by a combination of Local Transportation Funds (LTF), various competitive Federal Transportation Administration (FTA) grants and Measure L support.

The Organization is a nonprofit organization dedicated to connecting the residents of Stanislaus County with transportation options to improve access to their community. The Organization empowers people to improve their lives by finding the most appropriate mode of transportation based on their needs by offering a variety of programs to fit the diverse needs of their clients.

Basis of Presentation: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Update (ASU) 2016-14, Topic 958, *Not-for-Profit Entities*: *Presentation of Financial Statements of Not-for-Profit Entities*. Under ASU 2016-14, 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 contributions, 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.

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. Certificates of deposit with original maturity dates of greater than three (3) months are classified as investments.

New Accounting Pronouncement: In May 2014, FASB issued ASU No. 2014-09 (Topic 606), *Revenue from Contracts with Customers.* The update is to clarify the principles for recognizing revenue and to develop a common revenue standard for U.S. GAAP and IFRS and to establish the principles to report useful information to users of the financial statements about the nature, timing, and uncertainty of revenue from contracts with customers. The Organization has implemented this ASU in these financial statements accordingly.

Accounts Receivable: The Organization estimates the allowance for doubtful accounts based on an analysis of specific donors and clients, taking into consideration the age of past due amounts and an assessment of the donor's ability to pay. At June 30, 2021, management considered all accounts to be fully collectible and, therefore, no allowance was recorded in the accompanying financial statements. Total receivables expensed to bad debt during the year ended June 30, 2021 was $0.

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:

	Years
Office furniture	7
Computer equipment and software	5
Vehicles	5-10

Furniture, equipment, and vehicles 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.

Unearned Revenue: Unearned revenue includes unearned grant revenues and advanced grant funding. Both represent monies received by the Organization, but not yet spent, or earned in accordance with the grant agreements.

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

The Organization follows the guidance of FASB ASU 2018-18, Not-for-Profit Entities (Topic 958) – *Clarifying the scope and the Accounting Guidance for Contributions Received and Contributions Made.* This ASU clarifies and improves the scope and the accounting guidance for contributions received and contributions made, whether as a contribution or an exchange transaction, and whether a contribution is conditional. The organization has implemented this ASU in these financial statements accordingly.

In-Kind Contributions: Contributions of donated non-cash assets are recorded at their fair values in the period in which they were 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.

Exchange Transactions: Revenues earned from contracts, grants, and membership fees are considered to be exchange transactions. Revenues from exchange transactions are reported gross of any related expense in the accompanying financial statements.

Income Taxes: The Organization is a tax-exempt status 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.

Allocation of Expenses: The Organization charges all direct expenses to the appropriate grants as specified in the corresponding grant contract. The costs of providing various programs and activities have been summarized on a functional basis in the Statement of Activities and Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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

Fair Value of Financial Instruments: Financial instruments include cash and cash equivalents, accounts receivable, prepaid expenses, accounts payable and accrued expenses, accrued retirement and vacation and unearned revenue, 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 June 30, 2021, the Organization had $1,480,409 held with financial institutions that were uninsured. Management considers this a normal business risk and has not experienced any losses in such accounts.

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 these basic financial statements. Management has determined that no events require disclosure in accordance with accounting standards. These subsequent events have been evaluated through December 27, 2021, which is the date the financial statements were available to be issued.

NOTE 2 – AVAILABILITY OF FINANCIAL ASSETS

The Organization's financial assets available within one year of the Statement of Financial Position date for general expenditures are as follows:

	Amount
Cash and cash equivalents	$ 1,703,967
Accounts receivable	35,363
Total financial assets available for general expenditures within one year	$ 1,739,330

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following for the year ended June 30, 2021:

	Amount	Percentage
StanCOG	$ 17,181	49%
Sigala Incorporated	18,182	51%
	$ 35,363	100%

NOTE 4 – GRANT AND CONTRACT REVENUES

Grant and contract revenues consisted of the following for the year ended June 30, 2021:

	Amount	Percentage
ARB	$ 43,805	3.24%
JARC	131,691	9.74%
Measure L	286,059	21.16%
TDA	877,041	64.89%
FFCRA	7,311	0.54%
Sustainable Communities	5,668	0.42%
	$ 1,351,575	100.00%

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment activity for the year ended June 30, 2021 consisted of the following:

	Balances July 01, 2020	Additions	Deletions and Adjustments	Balances June 30, 2021
Computer equipment and software	$ 44,266	$ 2,083	$ -	$ 46,349
Office Furniture	14,519	-	-	14,519
Vehicles	15,000	4,310	-	19,310
Property and Equipment, Gross	73,785	6,393	-	80,178
Less: Accumulated Depreciation	(38,653)	(11,104)	-	(49,757)
Property and Equipment, Net	$ 35,132	$ (4,711)	$ -	$ 30,421

Depreciation expense for the year ended June 30, 2021, was $11,104.

NOTE 6 – PAYROLL PROTECTION PROGRAM LOAN PAYABLE

The Organization received funding through the Small Business Administration, Payroll Protection Program totaling $130,322. The intention of the program is to forgive the debt, as long as the funds are spent on qualified expenses, within the time frame allotted. As of June 30, 2021, management has determined that the remaining $31,048 of the loan payable balance has been spent on qualified expenses. The loan payable was fully forgiven on May 24, 2021.

NOTE 7 – EMPLOYEE BENEFIT PLAN

The Organization sponsors a qualified retirement contribution plan (the Plan). Under the Plan, the Organization will contribute a percentage of the employees' annual salary to the Plan based on the years of continuous service. All employees are eligible for the Plan after two years of service. Employer contributions for the year ended June 30, 2021, were $34,142, or 6.35% of salaries.

NOTE 8 – ECONOMIC DEPENDENCY

The Organization receives 98.26% of its support and revenue from governmental entities in the form of grants and contracts. Continued operation of the Organization is contingent upon continued availability of funds from state and municipal funding sources.

NOTE 9 – OPERATING LEASES

The Organization leases its office facilities under a sublease with the County of Stanislaus executed on November 1, 2017, with a lease term from November 1, 2017 to June 30, 2020. In the prior year the Organization exercised the option to extend the term of the sublease and extended the lease agreement through June 30, 2023.

The monthly rental payments as of June 30, 2021, were $2,746. Annual future minimum rental payments are as follows:

Fiscal Year Ending June 30,	Amount
2022	$ 32,952
2023	32,952
Total minimum rental payments	$ 65,904

The total rental expense for the year ended June 30, 2021 was $32,947.

NOTE 10 – INCOME TAXES

The Organization is exempt from federal taxes under Section 501(c)(3) of the Internal Revenue Code. Management is unaware of any activities that would jeopardize the Organization's tax-exempt status, and is also not aware of any activities that are subject to tax on unrelated business income or excise or other tax. All required filings with tax authorities are up-to-date.

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 year ended June 30, 2021.

The Organization files tax forms in the U.S. federal jurisdiction and the State of California. The Organization will generally not be subject to examination by these agencies three and four years, respectively, after filing.

NOTE 11 – COVID-19 CONTINGENCY

Management has determined the events regarding the Novel Coronavirus (COVID-19) require disclosure in accordance with accounting standards. On March 4, 2020, Governor Newsom issued an emergency proclamation declaring a state of emergency in California due to COVID-19. The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak and the economic and other actions that may be taken by government authorities to contain the outbreak or treat its impact are uncertain. The ultimate impact of COVID-19 on the operations and finances of the Organization remains unknown.

MOVE STANISLAUS TRANSPORTATION, INC.

SUPPLEMENTARY INFORMATION

MOVE STANISLAUS TRANSPORTATION, INC.
COMBINING SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	PROGRAM SERVICES									SUPPORTING SERVICES	
	Bridges	Eligibility	Fare Assistance	Partners	HSCP	Travel Training	Valley Flex	VetsVan	Total Program Services	Management and General	TOTAL
Salaries	$ 33,342	$ 87,814	$ 1,344	$ -	$ 4,628	$ 82,372	$ 34,969	$ 57,458	$ 301,927	$ 236,071	$ 537,998
Payroll taxes and fringe benefits	17,253	37,823	604	-	1,431	48,761	21,473	22,647	149,992	110,587	260,579
Rent	2,622	6,458	40	-	87	6,045	2,415	3,436	21,103	11,844	32,947
Program expenses	76,731	-	191	150,583	-	-	-	20,530	248,035	47	248,082
Depreciation	-	-	-	-	-	-	-	-	-	11,104	11,104
Legal and professional services	-	4,699	-	-	-	-	-	83	4,782	70,557	75,339
Telephone	974	2,459	35	-	68	2,108	825	1,349	7,818	3,715	11,533
Mileage	13	1,570	17	-	-	587	264	95	2,546	300	2,846
Employee development	-	-	-	-	-	-	-	-	-	7,400	7,400
Office/computer supplies	1,176	3,949	62	-	62	2,572	1,831	3,139	12,791	4,233	17,024
Internet	640	1,569	18	-	37	1,346	528	785	4,923	2,329	7,252
Business insurance	-	-	-	-	-	-	-	-	-	5,575	5,575
Equipment/software maintenance	983	-	-	-	-	-	-	-	983	8,219	9,202
Postage and delivery	94	4,008	-	-	-	-	1,146	-	5,248	2,043	7,291
Licenses and taxes	-	-	-	-	-	-	-	-	-	1,634	1,634
TOTAL EXPENSES	$133,828	$150,349	$ 2,311	$150,583	$ 6,313	$143,791	$ 63,451	$ 109,522	$ 760,148	$ 475,658	$ 1,235,806

MOVE STANISLAUS TRANSPORTATION, INC.
SCHEDULE AND STATUS OF MEASURE L CASH
FOR THE YEAR ENDED JUNE 30, 2021

PROGRAM FUNDING	
Funding received from StanCOG	$ 783,768
Interest	1,146
Total Funding	784,914
EXPENDITURES	
Measure L expenditures	286,059
Total Expenditures	286,059
Change In Measure L Cash Available	498,855
Beginning Measure L Cash Balance	763,017
Ending Measure L Cash Balance	$ 1,261,872

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE WITH THE TRANSPORTATION DEVELOPMENT ACT AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* AND THE *MEASURE L PROGRAM*

To the Board of Directors
MOVE Stanislaus Transportation, 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; and certain provisions of the Measure L: Local Road First Transportation Funding Measure (the *Measure L Program*), issued by the Stanislaus Council of Governments acting as the Stanislaus County Transportation Authority, the financial statements of MOVE Stanislaus Transportation, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2021, the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Organization's financial statements and have issued our report thereon dated December 27, 2021

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, grant agreements, and the *Measure L Program*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

Our audit was further made to determine that Transportation Development Act (TDA) Funds were expended in conformance with the applicable statues, rules and regulations of the TDA and Section 6667 of the California Code of Regulations. 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*, the *Measure L Program* or the TDA.

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*, the *Measure L Program* and the TDA in considering the entity'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
December 27, 2021