

Shelter Partnership, Inc.

**Report on the Audit of Support for Homeless on Re-Entry Program (SHORE)
by Shelter Partnership, Inc. under
its Memorandum of Understanding No. MOU. P000SHORE3
with the Los Angeles County Metropolitan Transportation Authority**

**As of and for the Years Ended June 30, 2020 and 2019
with Independent Auditor's Report**



Simpson & Simpson, LLP
Certified Public Accountants

Shelter Partnership, Inc.
Support for Homeless on Re-Entry (SHORE) Program
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FINANCIAL SECTION



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS
BRAINARD C. SIMPSON, CPA
MELBA W. SIMPSON, CPA

Independent Auditor's Report

To Shelter Partnership, Inc. and the
Los Angeles County Metropolitan Transportation Authority

Report on the Financial Statements

We have audited the financial statements of the Support for Homeless on Re-Entry (SHORE) Program (the Program) by Shelter Partnership, Inc. (SP), a not-for-profit organization, funded by the Los Angeles County Metropolitan Transportation Authority (LACMTA), which comprise the statement of financial position as of June 30, 2020 and 2019, and the related statements of activities, and cash flows for the years 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 SHORE Program by Shelter Partnership, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2, the financial statements present only the SHORE Program, and do not purport to, and do not, present fairly SP's financial position as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedules of service providers with payment data are presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The supplementary 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 January 15, 2021 on our consideration of SP'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 SP's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Simpson & Simpson".

January 15, 2021
Los Angeles, California

Shelter Partnership, Inc.
Support for Homeless on Re-Entry (SHORE) Program
Statement of Financial Position

| | | June 30 | |
|---|-----------|--------------|-----------------|
| | | 2020 | 2019 |
| ASSETS | | | |
| Due from LACMTA | \$ | 1,782 | \$ 5,395 |
| Total assets | \$ | 1,782 | \$ 5,395 |
| LIABILITIES AND NET ASSETS | | | |
| Liabilities | | | |
| Advance from Shelter Partnership, Inc. | \$ | 1,782 | \$ 5,395 |
| Total liabilities | | 1,782 | 5,395 |
| Net assets | | - | - |
| Total liabilities and net assets | \$ | 1,782 | \$ 5,395 |

The accompanying notes are an integral part of the financial statements

Shelter Partnership, Inc.
Support for Homeless on Re-Entry (SHORE) Program
Statement of Activities

| | | Years Ended June 30 | |
|--|----|---------------------|------------|
| | | 2020 | 2019 |
| REVENUES | | | |
| Grant revenue | \$ | 456,889 | \$ 517,298 |
| Total revenues | | 456,889 | 517,298 |
| EXPENDITURES | | | |
| Program expenses | | | |
| Tokens | | - | 108,500 |
| Tap Cards | | 443,447 | 391,500 |
| Administrative expenses | | 13,442 | 17,298 |
| Total expenses | | 456,889 | 517,298 |
| Change in net assets | | - | - |
| Net assets at beginning of year | | - | - |
| Net assets at end of year | \$ | - | \$ - |

The accompanying notes are an integral part of the financial statements

Shelter Partnership, Inc.
Support for Homeless on Re-Entry (SHORE) Program
Statement of Cash Flows

| | Years Ended June 30 | |
|--|---------------------|----------------|
| | 2020 | 2019 |
| Cash from operating activities | | |
| Change in net assets | \$ - | \$ - |
| Adjustment to reconcile change in net asset to net cash used in operating activities: change in operating assets and liabilities | | |
| Due from LACMTA | (1,782) | (5,395) |
| Net cash used in operating activities | (1,782) | (5,395) |
| Cash from financing activities | | |
| Advance from Shelter Partnership, Inc. | 1,782 | 5,395 |
| Net cash provided by financing activities | 1,782 | 5,395 |
| Change in cash | - | - |
| Cash | | |
| Beginning of year | - | - |
| End of year | \$ - | \$ - |

The accompanying notes are an integral part of the financial statements

Shelter Partnership, Inc.
Support for Homeless on Re-Entry (SHORE) Program
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

NOTE 1 – BACKGROUND

The Support for Homeless on Re-Entry (SHORE) Program was formed to provide bus tokens and TAP cards to homeless participants in the greater Los Angeles area. The Los Angeles County Metropolitan Transportation Authority (LACMTA) entered into a Memorandum of Understanding (MOU) with Shelter Partnership, Inc. (SP) for the latter to manage the SHORE program and administer the distribution and monitoring of tokens and TAP cards to eligible provider agencies.

Bus tokens and TAP cards are provided by SP to eligible provider agencies in the form of vouchers. These vouchers are then redeemed at LACMTA in exchange for bus tokens or TAP cards. For fiscal year 2020, there were 18 provider agencies.

NOTE 2 – REPORTING ENTITY

The financial statements present only the SHORE Program, and do not purport to, and do not present fairly the SP's financial position as of June 30, 2020, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

NOTE 3 – BASIS OF ACCOUNTING

The accounts of the SHORE program are maintained on the accrual basis of accounting for financial reporting purposes, which recognize income in the period earned and expenses when incurred, regardless of the timing of payments.

NOTE 4 – ALLOCATION FOR THE YEAR

On July 1, 2019, under Amendment No. 5 to MOU No. MOU. P000SHORE3, the LACMTA Board of Directors authorized a total of \$500,000 worth of tokens and TAP cards for distribution under the SHORE program and \$20,000 for administration costs.

NOTE 5 – SHORE PROGRAM COMPLIANCE REQUIREMENTS

The SHORE program is governed by the provisions of the MOU between LACMTA and Shelter Partnership, Inc. and the attachments contained therein. The MOU provides, among other requirements, that tokens and TAP cards be distributed to eligible homeless participants receiving case management services.

Shelter Partnership, Inc.
Support for Homeless on Re-Entry (SHORE) Program
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019
(Continued)

NOTE 6 – SUBSEQUENT EVENTS

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries. To date, it is unknown how long these conditions will last and what the complete financial effect will be to businesses and other affected organizations, including local governmental entities.

SP has evaluated subsequent events through January 15, 2021, the date the financial statements were available to be issued and concluded no events have occurred that required disclosure or adjustments to the financial statements.

Shelter Partnership, Inc.
Support for Homeless on Re-Entry (SHORE) Program
Schedule of Service Providers with Payment Data – TAP Card
Year ended June 30, 2020

| Service Provider | TAP Card Distributed |
|-----------------------------|---------------------------------|
| Catholic Charities | \$ 44,500 |
| Chrysalis | 58,541 |
| Covenant House | 31,451 |
| Homeless Health Care LA | 46,900 |
| JFS of LA / Gramercy Place | 9,115 |
| Jovenes, Inc. | 21,487 |
| LA Family Housing | 41,502 |
| LA House of Ruth | 793 |
| Para Los Ninos | 5,267 |
| PATH | 21,900 |
| SRO Housing Corp. | 7,000 |
| SSG | 33,488 |
| Testimonial Comm Love Ctr | 55,238 |
| The People Concern | 7,866 |
| VOA-Pathways to Home | 8,155 |
| WLCAC | 16,795 |
| Weingart Center Association | 22,449 |
| Youth Emerging Stronger | 11,000 |
| Total | \$ 443,447 |

See accompanying independent auditor's report



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS
BRAINARD C. SIMPSON, CPA
MELBA W. SIMPSON, CPA

**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***

**To Shelter Partnership, Inc. and the
Los Angeles County Metropolitan Transportation Authority**

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 Support for Homeless on Re-Entry (SHORE) Program (the Program) by Shelter Partnership, Inc. (SP), a not-for- organization, funded by the Los Angeles County Metropolitan Transportation Authority (LACMTA), which comprise the statement of financial position as of June 30, 2020, 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 January 15, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered SP'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 SP's internal control. Accordingly, we do not express an opinion on the effectiveness of SP'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 considered 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 Program'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 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Simpson & Simpson".

Los Angeles, California

January 15, 2021

COMPLIANCE SECTION



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS
BRAINARD C. SIMPSON, CPA
MELBA W. SIMPSON, CPA

Independent Auditor's Report on Compliance

To Shelter Partnership, Inc. and the Los Angeles County Metropolitan Transportation Authority

Report on Compliance

We have audited the compliance of the Shelter Partnership, Inc. (SP) with the Memorandum of Understanding No. MOU. P000SHORE3 and the Support for Homeless on Re-Entry (SHORE) Operating Guidelines (collectively, the Guidelines) for the year ended June 30, 2020.

Management's Responsibility

Management is responsible for SP's compliance with the Guidelines.

Auditor's Responsibility

Our responsibility is to express an opinion on SP's compliance based on our audit. We conducted our audit in accordance with the 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 Guidelines. Those standards and the Guidelines require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the Guidelines referred to above that could have a direct and material effect on the SHORE Program occurred. An audit includes examining, on a test basis, evidence about SP'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 with the Guidelines. However, our audit does not provide a legal determination on SP's compliance with the Guidelines.

Opinion

In our opinion, Shelter Partnership, Inc. complied, in all material respects, with the compliance requirements of the Guidelines for the year ended June 30, 2020.





Report on Internal Control over Compliance

Management of Shelter Partnership, Inc. is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered SP's internal control over compliance to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance, 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 SP'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 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 a material noncompliance 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 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 considered 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. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Simpson & Simpson".

Los Angeles, California
January 15, 2021

Shelter Partnership, Inc.
Support for Homeless on Re-Entry (SHORE) Program
Schedule of Findings and Recommendations
Year ended June 30, 2020

There were no findings identified as a result of the procedures performed during our audit.

Shelter Partnership, Inc.
Support for Homeless on Re-Entry (SHORE) Program
Schedule of Prior Year Findings and Recommendations
Year ended June 30, 2019

There were no findings identified as a result of the procedures performed during prior year audit.

EXIT CONFERENCE

Shelter Partnership, Inc.
Support for Homeless on Re-Entry (SHORE) Program
Exit Conference
Year ended June 30, 2020

An exit conference was held on January 8, 2021 with the Shelter Partnership, Inc.'s representatives. Those in attendance were:

Simpson & Simpson LLPs representatives:

Mark Frishwasser – Audit Senior

Shelter Partnership, Inc.'s representatives:

Alana Riemermann – Project Manager
Nicky Viola – Senior Project Manager

Matters discussed:

Results of the audit disclosed no significant control deficiencies and no non-compliance issue with the Guidelines.

A copy of this report was forwarded to the following Shelter Partnership, Inc. representatives for comments prior to the issuance of the final report:

Alana Riemermann – Project Manager
Nicky Viola – Senior Project Manager