

# ADG CPA

## SAN DIEGO HUNGER COALITION AUDITED FINANCIAL STATEMENTS DECEMBER 31, 2019

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
San Diego Hunger Coalition

### ***Report on the Financial Statements***

I have audited the accompanying financial statements of San Diego Hunger Coalition (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities and changes in net assets, 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.

### ***Auditor's Responsibility***

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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## ***Opinion***

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of San Diego Hunger Coalition as of December 31, 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***

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated December 18, 2020, on my consideration of San Diego Hunger Coalition's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of San Diego Hunger Coalition's 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 San Diego Hunger Coalition's internal control over financial reporting and compliance.

Andres D. Garcia, CPA



December 18, 2020

**SAN DIEGO HUNGER COALITION**

Statement of Financial Position

December 31, 2019

ASSETS:

Current Assets	
Cash & Cash Equivalents	\$ 186,300
Grants Receivable - CalFresh Contract	341,196
Grants Receivable - Other	38,384
Prepaid Expenses	<u>1,558</u>
Total Current Assets	<u>567,438</u>
Total Assets	<u><u>\$ 567,438</u></u>

LIABILITIES:

Current Liabilities	
Accounts Payable	\$ 1,720
Accounts Payable - CalFresh Contract	272,312
Payroll Liabilities	<u>34,297</u>
Total Current Liabilities	<u>308,329</u>

Commitments and Contingencies (Note 5)

NET ASSETS:

Without Donor Restrictions	130,639
With Donor Restrictions	<u>128,470</u>
Total Net Assets	<u>259,109</u>
Total Liabilities & Net Assets	<u><u>\$ 567,438</u></u>

The Accompanying Notes are an Integral Part of the Financial Statements

**SAN DIEGO HUNGER COALITION**  
Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUE &amp; SUPPORT:</b>			
Government Grant - CalFresh Contract	\$ 674,003	\$ -	\$ 674,003
Contributions & Grants	172,005	361,896	533,901
Interest	73	-	73
Other Income	3,291	-	3,291
Net Assets Released from Restrictions	<u>352,078</u>	<u>(352,078)</u>	<u>-</u>
 Total Revenue & Support	 1,201,450	 9,818	 1,211,268
 <b>EXPENSES:</b>			
CalFresh Program	726,830	-	726,830
School Meals Program	167,188	-	167,188
Food Systems Program	115,107	-	115,107
Policy Advocacy Program	67,184	-	67,184
Management & General	106,731	-	106,731
Fund-Raising	<u>111,500</u>	<u>-</u>	<u>111,500</u>
 Total Expenses	 <u>1,294,540</u>	 <u>-</u>	 <u>1,294,540</u>
 Change in Net Assets	 (93,090)	 9,818	 (83,272)
 Net Assets, Beginning of Year	 <u>223,729</u>	 <u>118,652</u>	 <u>342,381</u>
 Net Assets, End of Year	 <u>\$ 130,639</u>	 <u>\$ 128,470</u>	 <u>\$ 259,109</u>

The Accompanying Notes are an Integral Part of the Financial Statements

**SAN DIEGO HUNGER COALITION**

Statement of Functional Expenses

For the Year Ended December 31, 2019

	PROGRAM SERVICES				SUPPORTING SERVICES			Total
	CalFresh	School Meals	Food Systems	Policy Advocacy	Management & General	Fund-Raising		
<b>Payroll &amp; Related</b>								
Salaries & Wages	\$ 148,896	\$ 116,932	\$ 81,203	\$ 33,453	\$ 74,427	\$ 80,905	\$	\$ 535,816
Payroll Taxes	13,103	9,824	6,638	2,878	5,925	7,790		46,158
Employee Benefits	14,297	9,981	4,753	1,895	8,406	7,044		46,376
<b>Total Payroll &amp; Related</b>	<b>176,296</b>	<b>136,737</b>	<b>92,594</b>	<b>38,226</b>	<b>88,758</b>	<b>95,739</b>		<b>628,350</b>
<b>Other Expenses</b>								
Accounting & Audit	5,696	3,825	1,530	765	2,295	1,989		16,100
Conferences & Meetings	2,842	1,299	2,461	679	1,271	296		8,848
Contractors - CalFresh	509,013	-	-	-	-	-		509,013
Contractors - Information Tech.	378	295	118	59	177	153		1,180
Contractors - Other	1,550	1,475	-	22,550	-	1,663		27,238
Direct Cost - Special Events	533	416	6,893	83	250	216		8,391
Insurance	856	669	267	134	401	348		2,675
Miscellaneous	156	1,364	793	412	1,089	526		4,340
Occupancy	20,001	15,626	6,250	3,128	9,426	8,126		62,557
Printing	550	121	48	69	157	63		1,008
Staff Training & Education	285	180	60	30	266	114		935
Staff Travel & Mileage	2,555	1,644	302	379	238	504		5,622
Supplies & Equipment	1,481	976	1,012	158	1,011	362		5,000
Telephone, Internet & Website	4,638	2,561	2,779	512	1,392	1,401		13,283
<b>Total Other Expenses</b>	<b>550,534</b>	<b>30,451</b>	<b>22,513</b>	<b>28,958</b>	<b>17,973</b>	<b>15,761</b>		<b>666,190</b>
<b>Total Expenses</b>	<b>\$ 726,830</b>	<b>\$ 167,188</b>	<b>\$ 115,107</b>	<b>\$ 67,184</b>	<b>\$ 106,731</b>	<b>\$ 111,500</b>	<b>\$</b>	<b>\$ 1,294,540</b>

The Accompanying Notes are an Integral Part of the Financial Statements

**SAN DIEGO HUNGER COALITION**

Statement of Cash Flows

For the Year Ended December 31, 2019

CASH FLOWS FROM:

Operating Activities:	
Change in Net Assets	\$ (83,272)
Adjustments to Reconcile Change in Net Assets to Net Cash (Used) by Operating Activities:	
(Increase) / Decrease in:	
Grants Receivable - CalFresh Contract	(46,401)
Grants Receivable - Other	(38,384)
Prepaid Expenses	(552)
Increase / (Decrease) in:	
Accounts Payable	(7,645)
Accounts Payable - CalFresh Contract	59,108
Payroll Liabilities	(1,422)
Net Cash (Used) by Operating Activities	<u>(118,568)</u>
Net (Decrease) in Cash & Cash Equivalents	(118,568)
Cash and Cash Equivalents at:	
Beginning of Year	<u>304,868</u>
End of Year	<u>\$ 186,300</u>

The Accompanying Notes are an Integral Part of the Financial Statements

**SAN DIEGO HUNGER COALITION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**Note 1.      Nature of Organization**

The San Diego Hunger Coalition (“SDHC”) leads coordinated action to end hunger in San Diego County. We do this through collaboration, research, education and advocacy. Our vision is that everyone in San Diego County has enough food for an active, healthy life.

SDHC helps families purchase healthy food.

CalFresh – known as the Supplemental Nutrition Assistance Program or SNAP at the federal level – is our nation’s best defense against hunger. CalFresh is a monthly grocery supplement for low-income Californians, which has been proven to not only reduce food insecurity but improve children’s health outcomes. To increase participation in this vital program, SDHC provides training, technical assistance, and funding from the State CalFresh outreach contract through California Association of Food Banks (CAFB) to partner agencies that guide low-income individuals and families through the enrollment process. SDHC also leads the CalFresh Task Force which brings the County of San Diego Health & Humans Services Agency together with more than 40 community-based organizations countywide to learn about best practices in client advocacy, discuss regulatory changes, launch new partnerships, and coordinate outreach.

SDHC reduces child hunger by expanding school meals and other child nutrition programs.

SDHC provides training and technical assistance for school districts and youth-serving organizations to launch or expand meal programs for children, with a focus on breakfast, after-school and summer meal programs. SDHC helps partners assess their options and eligibility for various nutrition programs and provides hands-on guidance with the application process, arranging vendors and sites, reporting and audits, and strategies for boosting participation. SDHC also leads the Hunger Free Kids Task Force which is the leading resource for starting new meal sites and improving existing sites, with the goal of increasing participation in meals countywide.

SDHC advocates for policy and program changes to end hunger and increase access to healthy food.

SDHC advocates on behalf of the nearly half a million San Diegans with limited access to healthy, affordable food by sharing their experiences with key decision makers and supporting improvements to anti-hunger programs and policies. With a finger on the pulse of hunger issues affecting the San Diego region, SDHC is a resource for county, state and federal policymakers, providing research summaries, issue briefs, and case studies of what is happening on the ground in San Diego to inform policy and program decisions. SDHC also leads the Hunger Advocacy Network, a collaborative of 16 human service agencies, food banks and advocacy organizations working together to shape state and federal policies.

SDHC provides research and leadership to create a more effective and interconnected system of food assistance resources. In 2016, SDHC launched Hunger Free San Diego, a collaborative planning effort to end hunger in our region supported by research and driven by evidence-based solutions. Hunger Free San Diego is guided by a local Advisory Board of more than 30 CEOs, decision-makers and experts representing food banks, pantries, social service agencies, government, healthcare, school districts, philanthropy, and other aligned collaboratives.



**SAN DIEGO HUNGER COALITION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**Note 2.      Summary of Significant Accounting Policies**

*Basis of Accounting:* The accompanying financial statements are prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

*Fund Accounting:* To ensure observance of limitations and restrictions placed on the use of available resources, the accounts of SDHC are maintained in accordance with the principles of fund accounting. Under such principles, resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives.

SDHC also prepares financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205 and subsections, as amended by ASU 2016-14. SDHC uses the terms *Net Assets Without Donor Restrictions* and *Net Assets With Donor Restrictions* to describe the two required net asset classes.

*Net Assets Without Donor Restrictions:* net assets not subject to donor-imposed restrictions.

*Net Assets With Donor Restrictions:* net assets subject to donor-imposed restrictions.

*Cash and Cash Equivalents:* SDHC has defined cash and cash equivalents as cash in banks and certificates of deposits with an initial maturity of three months or less.

*Contributions:* Contributions are recognized as revenues in the period received. Contributions are available for unrestricted use unless specifically restricted by the donor. All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as assets released from restrictions. Revenue received on grants from the CalFresh Contract is reported net of subcontractor costs as such services are provided by the subcontractors.

*Grants Receivable – CalFresh Contract:* Grants Receivable – CalFresh Contract are receivables from a cost-reimbursement contract with the California Association of Food Banks. An allowance for doubtful accounts is based on an analysis of expected collection rates determined from past history. No allowance for doubtful accounts was considered necessary as of December 31, 2019.

*Property and Equipment:* Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to \$2,000 and the useful life is greater than one year. Depreciation is computed using the straight-line method over the useful lives of the assets, which are seven years for furniture and five years for equipment.

*Accounts Payable – CalFresh Contract:* As part of the contract with the California Association of Food Banks, SDHC subcontracts with local agencies to provide CalFresh outreach. Upon receiving payments on Grants Receivable – CalFresh Contract, SDHC pays subcontractors.

**SAN DIEGO HUNGER COALITION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**Note 2.      Summary of Significant Accounting Policies, continued**

*Donated Materials and Services:* Donated materials and services are recognized as contributions if the materials or services (a) create or enhance non-financial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by SDHC. Volunteers provide services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

*Use of Estimates:* The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) 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 these estimates. Management believes that these estimates and assumptions provide a reasonable basis for the fair presentation of the financial statements.

*Functional Allocation of Expenses:* The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of functional expenses. Costs that are not directly associated with providing specific services have been allocated based upon the relative time spent by employees of SDHC providing these services.

**Note 3.      Income Tax Status**

SDHC is a California Not-For-Profit corporation exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and California State Tax Code 23701(d), respectively, whereby only unrelated business income, as defined by Section 509(a)(1) of the Internal Revenue Code is subject to federal income tax. SDHC currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded.

GAAP requires SDHC management to evaluate tax positions taken by SDHC and recognize a tax liability if SDHC has taken uncertain tax positions that more-likely-than-not would not be sustained upon examination by applicable taxing authorities. Management has analyzed tax positions taken by SDHC and has concluded that, as of December 31, 2019, there are no uncertain tax positions taken, or expected to be taken, that would require recognition of a liability or that would require disclosure in the financial statements. SDHC is subject to routine audits by taxing jurisdictions. However, currently no audits for any tax periods are in progress.

**SAN DIEGO HUNGER COALITION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**Note 4.        Concentration of Economic Risk**

SDHC's activities are concentrated in the County of San Diego. For the year ended December 31, 2019, reimbursements related to the California Association of Food Banks contracts represent 23% of SDHC's revenue. Management is not aware of the existence of any pending severe or substantial funding cutbacks.

SDHC maintained reimbursement contracts with organizations in San Diego County conducting Cal Fresh enrollment activities for which it invoiced the California Association of Food Banks and then passed through the reimbursement to subcontractors. Of the total grant revenue from the CalFresh Contract of \$674,003, \$509,013, or 76% was passed through to subcontractors.

**Note 5.        Commitments and Contingencies**

Contracts:

SDHC's contracts are subject to inspection and audit by the appropriate governmental funding agency. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, SDHC has no provisions for the possible disallowance of program costs on its financial statements.

Obligations Under Operating Lease:

On October 1, 2015, SDHC extended its office space lease for a term of five years that expires on October 31, 2020. Base rent payments were \$2,335 per month and payments increase 3% annually on the anniversary of the relocation date, November 1.

On February 15, 2017, SDHC expanded its office space in the same building and amended the lease terms noted above. Base rent payments increased to \$4,203 per month beginning March 1, 2017 and payments increase 3% on the anniversary of the relocation date, March 1. This lease expires on February 28, 2021.

SDHC is charged for common area maintenance charges, parking and utilities in addition to the base rent. Total lease payments under this lease amounted to \$53,275 in the year ended December 31, 2019.

Future minimum lease payments, by year and in the aggregate, under this lease consist of the following:

<u>Years ending December 31:</u>	
2020	\$ 54,852
2021	<u>9,186</u>
	<u>\$ 64,038</u>

**SAN DIEGO HUNGER COALITION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**Note 6. Employee Benefits**

SDHC offers a retirement plan qualified under Section 401(k) of the Internal Revenue Code. Employees may make contributions of up to the maximum amount allowed by the Internal Revenue Code. SDHC contributed \$11,063 to the plan for the year ended December 31, 2019.

Accumulated unpaid employee vacation benefits are recognized as liabilities of SDHC. As of December 31, 2019, the liability for accrued vacation is \$11,180. Accrued sick leave is not recorded as a liability but is recorded as an expense in the period taken since such benefits do not vest nor can the probability of payment be reasonably estimated.

**Note 7. Net Assets with Donor Restrictions**

Net assets with donor restriction activities for the year ended December 31, 2019 and balances at December 31, 2019 consist of the following:

<u>Funding Source/Purpose</u>	<u>12/31/18</u>	<u>Additions</u>	<u>(Released)</u>	<u>12/31/19</u>
Kasperick Foundation – Hunger Free SD	\$ 15,140	\$ 50,000	\$( 65,140)	\$ -
AARP – CalFresh Outreach & Hunger Free SD	-	60,000	( 20,745)	39,255
Price – San Diego Food Funders	9,464	-	( 9,464)	-
Kaiser Foundation – CalFresh Outreach & Diabetes / Nutrition grants	26,996	25,000	( 51,996)	-
FRAC – CalFresh Program	2,640	13,500	( 9,339)	6,801
San Diego Grantmakers – San Diego Food Funders	11,883	-	( 11,883)	-
Charles A. Frueauff Foundation - Grant writing services and unrestricted	24,832	-	( 24,832)	-
The California Endowment – Operations	27,697	50,000	( 58,618)	19,079
Joan Beber Grant – School Meals	-	15,000	( 8,347)	6,653
JCF Kaplan – CalFresh Outreach	-	12,396	( 10,814)	1,582
School Meals	-	1,000	( - )	1,000

**SAN DIEGO HUNGER COALITION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**Note 7. Net Assets with Donor Restrictions, continued**

<u>Funding Source/Purpose</u>	<u>12/31/18</u>	<u>Additions</u>	<u>(Released)</u>	<u>12/31/19</u>
Price – Operations	\$ -	\$ 35,000	\$( 35,000)	\$ -
San Diego Foundation – School Meals	-	50,000	( 20,762)	29,238
Copley – School Meals	-	20,000	( 14,177)	5,823
Charles A. Frueauff Foundation - Fundraising and unrestricted	<u>-</u>	<u>30,000</u>	<u>( 10,961)</u>	<u>19,039</u>
	<u>\$118,652</u>	<u>\$361,896</u>	<u>\$(352,078)</u>	<u>\$128,470</u>

**Note 8. Liquidity and Availability of Financial Assets**

The following reflects SDHC’s financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Financial assets at year-end	<u>12/31/2019</u> \$ 565,880
Less those unavailable for general expenditures within one year, due to:	
Donor-restricted to programs and operations (see Note 7)	<u>128,470</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 437,410</u>

**Note 9. Subsequent Events**

The management of SDHC has reviewed the results of operations and evaluated subsequent events for the period of time from its year end December 31, 2019 through December 18, 2020, the date the financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

**SAN DIEGO HUNGER COALITION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**Note 9.        Subsequent Events, continued**

**COVID-19:**

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

SDHC received a promissory note from First Republic Bank for the Paycheck Protection Program to help SDHC through the COVID-19 pandemic. On April 25, 2020, the Organization received a promissory note in the amount of \$117,300 with a fixed annual interest rate of 1%. This note has the potential to be forgiven at the end of either an 8 or 24 week period depending on when these funds are used up on qualified expenses. To the extent it is not forgiven, the note will bear interest at 1% and have a maturity date of April 25, 2022. No payments will be due on the note for six months from the date of the first disbursement of the note; however, interest continues to accrue during the deferment period.

SDHC has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of SDHC for future periods.

**SUPPLEMENTARY INFORMATION**

# ADG 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 the Board of Directors of  
San Diego Hunger Coalition

I 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 San Diego Hunger Coalition (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated December 18, 2020.

### ***Internal Control Over Financial Reporting***

In planning and performing my audit of the financial statements, I considered San Diego Hunger Coalition's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of San Diego Hunger Coalition's internal control. Accordingly, I do not express an opinion on the effectiveness of San Diego Hunger Coalition'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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



# ADG CPA

## ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether San Diego Hunger Coalition's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my 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.



Andres D. Garcia CPA

December 18, 2020