COMMUNITY TECHNOLOGY ALLIANCE

FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE TOTAL FOR THE YEAR ENDED JUNE 30, 2012)

AND SUPPLEMENTAL SCHEDULES
REQUIRED BY *OMB CIRCULAR A-133*
FOR THE YEAR ENDED JUNE 30, 2013

COMMUNITY TECHNOLOGY ALLIANCE

Contents

June 30, 2013 and 2012

Abbott, Stringham & Lynch
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Community Technology Alliance
San Jose, California

Report on the Financial Statements

We have audited the accompanying financial statements of Community Technology Alliance (the "Organization"), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. The financial statements of the Organization for the year ended June 30, 2012 were audited by other auditors whose report, dated December 3, 2012, expressed an unqualified opinion on those statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 Community Technology Alliance as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management 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 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 U.S. generally accepted auditing standards. 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 February 14, 2014, 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.

Abbott, Stringham + Lynch

February 14, 2014

COMMUNITY TECHNOLOGY ALLIANCE

Statements of Financial Position

Assets

	June 30 2013	June 30 2012
Assets:		
Cash and cash equivalents	$ 69,058	$ 62,027
Restricted cash	33,132	-
Grants receivable, net of allowance for doubtful accounts of $0 and $4,600 at June 30, 2013 and 2012, respectively	130,072	235,116
Prepaid expenses and other assets	18,268	56,586
Property and equipment, net	78,708	154,353
Total assets	$ 329,238	$ 508,082

Liabilities and Net Assets

	June 30 2013	June 30 2012
Liabilities:		
Accounts payable and accrued expenses	$ 55,497	$ 105,990
Deferred revenue	18,700	64,115
Other liabilities	11,949	15,429
Total liabilities	86,146	185,534
Commitments and contingencies (Note 10)		
Net assets:		
Unrestricted	184,959	322,548
Temporarily restricted	58,133	-
Total net assets	243,092	322,548
Total liabilities and net assets	$ 329,238	$ 508,082

COMMUNITY TECHNOLOGY ALLIANCE

Statements of Activities

	Year Ended June 30, 2013			Year Ended June 30, 2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support:						
Federal, state, and local grants	$ 876,585	$ -	$ 876,585	$ 880,591	$ -	$ 880,591
Contributions	128,060	58,133	186,193	8,314	-	8,314
In-kind support	-	-	-	26,788	-	26,788
Revenue:						
Program contract services fees	349,644	-	349,644	276,116	-	276,116
Other income	7,472	-	7,472	4,859	-	4,859
Loss on disposal of property and equipment	(33,821)	-	(33,821)	(3,438)	-	(3,438)
Total support and revenue	1,327,940	58,133	1,386,073	1,193,230	-	1,193,230
Functional expenses:						
Program services	1,252,397	-	1,252,397	1,151,335	-	1,151,335
Supporting services:						
General and administrative	152,172	-	152,172	98,870	-	98,870
Development	60,960	-	60,960	37,960	-	37,960
Total supporting services	213,132	-	213,132	136,830	-	136,830
Total functional expenses	1,465,529	-	1,465,529	1,288,165	-	1,288,165
Change in net assets	(137,589)	58,133	(79,456)	(94,935)	-	(94,935)
Net assets, beginning of year	322,548	-	322,548	417,483	-	417,483
Net assets, end of year	$ 184,959	$ 58,133	$ 243,092	$ 322,548	$ -	$ 322,548

COMMUNITY TECHNOLOGY ALLIANCE

Statements of Functional Expenses

(With Comparative Totals for the Year Ended June 30, 2012)

		Supporting Services		Total	Totals	
	Program Services	General and Administrative	Development	Supporting Services	2013	2012
Salaries and wages	$ 772,611	$ 41,123	$ 43,102	$ 84,225	$ 856,836	$ 677,871
Employee benefits	79,335	8,762	2,049	10,811	90,146	80,127
Payroll taxes	66,917	4,480	4,490	8,970	75,887	56,511
Total salaries and related expenses	918,863	54,365	49,641	104,006	1,022,869	814,509
Technical expenses	188,847	-	-	-	188,847	188,751
Professional fees	31,806	35,144	869	36,013	67,819	85,330
Rent	12,591	25,425	-	25,425	38,016	40,422
Direct client services - telecommunications	8,745	-	-	-	8,745	11,692
Communications	337	8,579	-	8,579	8,916	3,308
Training and conference transportation expenses	19,072	6,730	5,276	12,006	31,078	28,913
Co-location costs	4,468	8,326	-	8,326	12,794	8,340
Insurance	-	5,004	-	5,004	5,004	7,549
Bad debt (recoveries) expenses	(484)	-	-	-	(484)	4,600
Supplies	3,000	5,249	5,119	10,368	13,368	23,252
Miscellaneous	889	3,350	55	3,405	4,294	9,514
Total expenses before depreciation	1,188,134	152,172	60,960	213,132	1,401,266	1,226,180
Depreciation	64,263	-	-	-	64,263	61,985
Total functional expenses	$ 1,252,397	$ 152,172	$ 60,960	$ 213,132	$ 1,465,529	$ 1,288,165

COMMUNITY TECHNOLOGY ALLIANCE

Statements of Cash Flows

Increase (Decrease) in Cash and Cash Equivalents

	Year Ended June 30	
	2013	2012
Cash flows from operating activities:		
Change in net assets	$ (79,456)	$ (94,935)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	64,263	61,985
Loss on disposal of property and equipment	33,821	3,438
Contributions of property and equipment	-	(26,788)
Changes in operating assets and liabilities:		
Grants receivable	105,044	(43,910)
Prepaid expenses and other assets	38,318	29,507
Accounts payable and accrued expenses	(50,493)	66,600
Deferred revenue	(45,415)	(5,241)
Other liabilities	(3,480)	15,429
Net cash provided by operating activities	62,602	6,085
Cash flows from investing activities:		
Purchases of property and equipment	(22,439)	(2,248)
Net cash used in investing activities	(22,439)	(2,248)
Net increase in cash	40,163	3,837
Cash and cash equivalents, beginning of year	62,027	58,190
Cash and cash equivalents, end of year	$ 102,190	$ 62,027
Reconciliation of cash and cash equivalents at end of year:		
Cash and cash equivalents	$ 69,058	$ 62,027
Restricted cash	33,132	-
	$ 102,190	$ 62,027
Supplemental disclosure of cash flow information:		
Contributions of property and equipment	$ -	$ 26,788

Note 1 - Organization

Community Technology Alliance (the "Organization"), founded in 1991, is a nonprofit agency with a mission harnessing technologies to empower communities to develop data-driven solutions to poverty and homelessness. Within this mission, Community Technology Alliance provides services and technology tools that are easy to use, innovative and time-saving. Most can be accessed over the telephone or the Internet. They are targeted primarily at nonprofit agencies, but many are also available directly to homeless and at-risk community members.

Community Technology Alliance's objectives are:

- To end and prevent homelessness by building and maintaining reliable data systems to support local service providing agencies and decision-makers.
- To provide seamless service coordination to clients while decreasing administrative costs by avoiding duplication, and streamlining services.
- To facilitate local and regional collaboration among service providing agencies to help clients more efficiently and effectively.
- To provide technology solutions, technical assistance and training to agencies in order to optimize their systems and utilize client data for strategic planning.

Program services

All Organization projects are collaborations. The Organization does not implement projects alone, but ensures that all its projects have total buy-in from the community.

The Organization has built programs for service providers who can then support the homeless and other at-risk individuals and families on the road to self-sufficiency more efficiently. Based upon a triad of technologies that have converged on the Internet, the Organization offers:

- Data management systems
- Internet based information concerning available community services
- Voice messaging services

The Organization's programs use a combination of technical and collaborative expertise to help people remain housed and to shorten episodes of homelessness. The Organization's programs are designed to allow those who provide services and support to those most in need to concentrate on what they do best: assist these individuals as they strive to reach self-sufficiency.

Data management systems

The Organization provides data management services for programs under the category of Homeless Management Information Systems (HMIS). The Organization's Bay Area HMIS system serves five Bay Area counties, and the Organization also provides technical assistance to three other local counties and to communities nationwide.

Note 1 - Organization (continued)

Data management systems (continued)

Homeless Management Information System (HMIS) - Following a Congressional mandate, communities that receive Department of Housing and Urban Development (HUD) funding for homeless-related services must use a computerized system to collect and manage data on their clients. HMIS facilitates more effective collection and sharing of information between agencies to identify needs and gaps in delivering services to homeless and at-risk populations. The system streamlines emergency shelter and supportive service delivery to homeless and at-risk populations, while reducing duplication of effort and technology by staff at agencies that serve these populations. HMIS allows staff at shelters to access real-time information about resource availability, as well as basic information about the clients seeking shelter and services, while retaining client confidentiality. Homeless clients no longer have to repeat the basic information about their needs and requirements as the system is shared between numerous providers. HMIS will give a clear and correct picture of the homeless population and information needed to fill any gaps in service.

The Organization's involvement in HMIS includes the following programs:

Bay Area HMIS – During 2012, the Organization merged five counties onto one shared HMIS implementation, resulting in improved efficiency for the Organization and significant cost savings to each of the affected communities as a result of sharing expenses associated with software and administration. The Organization has been providing HMIS services, including database management services, comprehensive reports, data analysis and software training, since early 2004 to hundreds of programs who use the system as their primary data collection and management tool. The Organization's innovative approaches to HMIS have attracted the attention of other communities nationwide who regularly call upon the Organization to present at conferences and provide technical assistance.

HPRP (ARRA projects) - The Organization assisted several bay area counties with HMIS requirements surrounding the distribution of Homeless Prevention and Rapid Re-housing (HPRP) funds. Knowledge of HMIS was vital to the planning, development and implementation of the program, as well as compliance with reporting requirements over the course of several years. The Organization assisted in all aspects of the program including development, software training, reporting and consultation to adhere to HUD regulations. This program ended during the year ended June 30, 2013.

BACHIC - Homelessness is not isolated to a single city or county, and the counties in the San Francisco and Monterey Bay areas are now developing a regional approach to understanding the root causes and best practices for ending homelessness. The group (known as the Bay Area Counties Homeless Information Collaborative, or "BACHIC") is involved in regional coordination of efforts to alleviate homelessness in Alameda, Contra Costa, Monterey, San Mateo, Santa Clara, Santa Cruz, Napa, Marin, San Francisco, Solano, and Sonoma counties.

RHINO - The Regional Homeless Information Network is collaboration among the eleven BACHIC counties noted above whose vision is to obtain a better understanding of the homeless population in the region, as a whole. Designed to leverage data already being collected by each continuum's HMIS in accordance with HUD's mandate, RHINO has been designed to serve as a regional data warehouse that will be utilized to analyze trends, gaps in services, and mobility patterns of the homeless population, as well as to inform policy makers and funders. Analysis of regional data will allow for better planning and resource management and an increased ability to address the present and future needs of the homeless.

Note 1 - Organization (continued)

Data management systems (continued)

Training and consultation - Through expertise gained in training Santa Clara County partners, the Organization has become a nationally recognized consultant and trainer on HMIS-related topics. The Organization has been contracted to conduct trainings on HMIS usage, client confidentiality, and HUD HMIS Data Standards in Bay Area counties and throughout the United States, including HUD's response to Hurricane Katrina,

Voice messaging services

Community Voice Mail - Community Voice Mail uses basic telecommunications as the first rung on the ladder across the digital divide by providing the homeless and at-risk in Santa Clara County with access to personal, reliable telecommunications to connect to opportunities for jobs, housing, and stability. Clients, case-managed by staff at partnering agencies, use Community Voice Mail to establish and maintain contact with potential landlords, employers, and medical and social service providers as a stepping stone to self-sufficiency.

The shelter bed hotline - The toll-free number offers up-to-date and accurate information about emergency shelter in the nine-county San Francisco Bay Area with one call to the memorable number: 1-800-7SHELTER.

Note 2 - Summary of significant accounting policies

Basis of presentation

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP).

Financial statement presentation

Under U.S. generally accepted accounting principles, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed restrictions and may be expendable for any purpose in performing the primary objectives of the Organization.

Note 2 - Summary of significant accounting policies (continued)

Financial statement presentation (continued)

Temporarily restricted net assets - Net assets subject to donor-imposed restrictions that may or will be met either by actions of the Organization and/or the passage of time. As the restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying financial statements as net assets released from restrictions. Donor-restricted contributions received and expended in the same reporting period are recorded as unrestricted support.

Permanently restricted net assets - Net assets subject to donor-imposed restrictions requiring that the amounts contributed be invested in perpetuity. The Organization had no permanently restricted net assets at June 30, 2013 and 2012.

Use of estimates

The preparation of financial estimates in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Significant estimates used in preparing these financial statements include the useful lives of property and equipment, the allowance for doubtful accounts, and the value of donated goods and services. Accordingly, results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include highly liquid investments with original maturities of three months or less at the date of purchase.

Prepaid expenses and other assets

Prepaid expenses and other assets include building security deposits and prepaid expenses, such as prepaid software licenses and maintenance costs that are to be expensed against future grants received.

Property and equipment

Purchased property and equipment are recorded at cost. It is the Organization's policy to capitalize property and equipment acquisitions over $1,000. Donated property and equipment are recorded at their estimated fair value at the time of the donation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Leasehold improvements are amortized over the shorter of the term of the respective leases (including anticipated renewal options, where appropriate) or the estimated useful lives of the assets.

Office equipment	3 - 5 years
Software	3 - 10 years

Note 2 - Summary of significant accounting policies (continued)

Property and equipment (continued)

Donations of property and equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Donations of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as temporarily restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported as released from restriction when the donated or acquired long-lived assets are placed in service.

Impairment of long-lived assets

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying value may not be fully recoverable. The Organization evaluates the recoverability of long-lived assets by measuring the carrying amount of such assets against the estimated undiscounted future cash flows associated with them. At the time such evaluation indicates that the future undiscounted cash flows of certain long-lived assets are not sufficient to recover the carrying value of such assets, the assets are adjusted to their fair value. To date, the Organization has not recorded any impairment of its long-lived assets as a result of this analysis.

Deferred revenue

Deferred revenue consists of support and revenue received for services to be performed in the subsequent period and will be recognized when the service is performed.

Support and revenue recognition

Revenue from grants which have been classified as “exchange transactions”, and program fees, are recognized as revenue in the period in which the service is provided.

Contributions are recognized when the donor makes a promise to give that is, in substance, an unconditional promise. Contributions are recorded as unrestricted, temporarily restricted or permanently restricted depending on the nature of donor restrictions and depending on whether the restrictions are met in the current period. Restricted contributions are reported as increases in unrestricted net assets if the restrictions have been met in the current fiscal period. If the restrictions have not been met by the fiscal year-end, the amount is reported as an increase in temporarily restricted net assets. When the restriction is finally met on a contribution received in a prior fiscal period, the amount is shown as a release of restricted net assets to unrestricted net assets.

The Organization considers all grants and contributions receivables to be fully collectible as of June 30, 2013; accordingly, no allowance for doubtful accounts is considered necessary. The allowance for doubtful accounts totaled $4,600 at June 30, 2012. Grants receivable are due to be received in less than one year.

Note 2 - Summary of significant accounting policies (continued)

In-kind support and services

The Organization records various types of in-kind support including professional services, donated goods, and tangible assets. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated goods and contributions of tangible assets are recognized at fair value when received. Except for property and equipment, the amounts, if any, reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses.

Functional classification of expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services based on management's estimates. Directly identifiable expenses are charged to the related program or service benefited. Indirect expenses are allocated to programs and services based principally on the percentage of personnel time spent in each area.

Tax exempt status

The Organization has been classified as a publicly supported, tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code where only unrelated business income, as defined by Section 509(a)(1) of the Code, is subject to Federal income tax. The Organization currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded. The Organization is exempt from California franchise taxes under Revenue and Taxation Code Section 23701(d).

In accordance with U.S. generally accepted accounting principles, the Organization recognizes the impact of tax positions in the financial statements if that position is more likely than not to be sustained on audit, based on the technical merits of the position. To date, the Organization has not recorded any uncertain tax positions.

The Organization recognizes potential accrued interest and penalties related to uncertain tax positions in income tax expense. During the years ended June 30, 2013 and 2012, the Organization performed an evaluation of uncertain tax positions and did not note any matters that would require recognition in the financial statements or which may have an effect on its tax-exempt status.

The Federal and State of California informational returns of the Organization that have been filed and are still open and subject to IRS or State of California Franchise Tax Board examination are as follows:

Jurisdiction	Open Tax Years
Federal	2009 – 2012
State	2008 – 2012

Note 2 - Summary of significant accounting policies (continued)

Estimated fair value of financial instruments

As defined in FASB ASC Topic No. 820, "Fair Value Measurements and Disclosures" ("ASC 820"), fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses the market or income approach. Based on this approach, the Organization utilizes certain assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market-corroborated or generally unobservable inputs. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

Based on the observability of the inputs used in the valuation techniques, the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and the reliability of the information used to determine fair values. As a basis for considering such assumptions, ASC 820 establishes a three-tier value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value.

Level 1 - Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Include other inputs that are directly or indirectly observable in the marketplace.

Level 3 - Unobservable inputs which are supported by little or no market activity.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. For the fiscal year ended June 30, 2013, the application of valuation techniques applied to similar assets and liabilities has been consistent with the techniques applied during the fiscal year ended June 30, 2012.

Financial instruments included in the Organization's statements of financial position include cash and cash equivalents, grants receivable, accounts payable and accrued expenses, and deferred revenues. The carrying amounts of all these instruments approximate fair value due to their short maturities.

Subsequent events

The Organization has evaluated subsequent events through February 14, 2014, which is the date the financial statements were issued or available to be issued.

Note 3 - Property and equipment

Property and equipment at June 30, 2013 and 2012 consisted of the following:

	June 30, 2013	June 30, 2012
Office equipment	$ 178,102	$ 169,913
Software	167,675	337,897
	345,777	507,810
Less accumulated depreciation	(267,069)	(353,457)
	$ 78,708	$ 154,353

Note 4 - Accounts payable and accrued expenses

Accounts payable and accrued expenses at June 30, 2013 and 2012 consisted of the following:

	June 30, 2013	June 30, 2012
Accounts payable	$ 10,951	$ 51,800
Accrued payroll	-	9,040
Accrued payroll taxes	-	3,603
Accrued vacation	32,018	28,704
Other	12,528	12,843
	$ 55,497	$ 105,990

Note 5 - Temporarily restricted net assets

As of June 30, 2013 and 2012, temporarily restricted net assets, which are restricted due to donor-imposed purpose restrictions for programs, totaled $58,133 and $0, respectively.

Note 6 - Line of credit

In September 2010, the Organization opened a $50,000 line of credit with a bank. The facility is automatically renewed annually and may be terminated by either party with appropriate notice. Borrowings on the line bear interest at an annual interest rate of 10.0%. There were no amounts borrowed or outstanding on the line of credit as of June 30, 2013 and 2012, and for the years then ended.

Note 7 - In-kind support

For the year ended June 30, 2013 and 2012, in-kind support included the following:

	June 30, 2013	June 30, 2012
Donated software and equipment	$ -	$ 26,788

Note 8 - Retirement plan

The Organization sponsors a 403(b) retirement plan to provide retirement benefits to all eligible employees. The Organization contributed $7,678 to the Plan for the year ended June 30, 2013, and $5,563 for the year ended June 30, 2012. All costs of the Plan's administration were paid for by the participants.

Note 9 - Concentrations

Credit risk is the failure of another party to perform in accordance with the contract terms. Financial instruments which potentially subject the Organization to concentrations of credit risk consist primarily of cash and cash equivalents and grants receivable.

The Organization maintains its cash in bank deposit accounts which, at times, may exceed amounts insured by the Federal Deposit Insurance Corporation ("FDIC"). As of June 30, 2013, the Organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant risk on cash accounts.

With respect to grants receivable and revenues, the Organization historically has not experienced collectability issues as the receivables are primarily government grants. However, the Organization routinely assesses the financial strength of its creditors and believes that the related credit risk exposure is limited.

During the years ended June 30, 2013 and 2012, the Organization received government grants in the amount of $876,585 and $880,591, which represents approximately 63% and 74%, respectively, of the total support and revenue received during those years.

During the years ended June 30, 2013 and 2012, the Organization had purchases from one vendor that represented 7% and 10% of total operating expenses, respectively. This same vendor had $0 and $9,972 of accounts payable outstanding as of June 30, 2013 and 2012, respectively.

Note 10 - Commitments and contingencies

The Organization leases its office space under a non-cancelable operating lease entered into during December 2012. Office rent expense for the years ended June 30, 2013 and 2012 totaled $38,016 and $40,422, respectively, which included common area maintenance charges of $0 and $3,114, respectively.

Future minimum lease payments at June 30, 2013 are as follows:

For the Years Ending June 30,	Amount
2014	$ 39,283
2015	41,184
2016	42,451
2017	21,542
	$ 144,460

Note 11 - Related party transactions

There were $8,875 and $-0- contributions received from certain members of the Board of Directors, or from companies with which the Board of Directors are affiliated, during the years ended June 30, 2013 and 2012, respectively.

REPORTS AND SCHEDULES
REQUIRED BY OMB CIRCULAR A-133

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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*

To the Board of Directors
Community Technology Alliance
San Jose, California

We have audited, in accordance with U.S. generally accepted auditing standards 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 Community Technology Alliance (the "Organization"), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 14, 2014.

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, 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 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.

Abbott, Stringham & Lynch

February 14, 2014

Abbott, Stringham & Lynch
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors
Community Technology Alliance
San Jose, California

Report on Compliance for Each Major Federal Program

We have audited Community Technology Alliance's (the "Organization) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2013. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each of the Other Major Federal Programs

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control over Compliance

Management of the Organization 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 Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Abbott, Stringham & Lynch

February 14, 2014

COMMUNITY TECHNOLOGY ALLIANCE
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

		Federal CFDA Number	Contract Number	Federal Expenditures
Federal Assistance				
United States Department of Housing and Urban Development - Direct Program				
Supporting Housing Program July 1, 2012 - August 31, 2012	HMIS HUD Santa Clara & HUD Admin Santa Clara	14.235	CA0008B9T001003	$ 24,627
Supporting Housing Program September 1, 2012 - June 30, 2013	HMIS HUD Santa Clara & HUD Admin Santa Clara	14.235	CA0008B9T001104	272,751
Supporting Housing Program July 1, 2012 - September 30, 2012	HUD Santa Cruz HMIS & HUD-Admin Santa Cruz	14.235	CA0230B9T081003	15,821
Supporting Housing Program October 1, 2012 - September 30, 2013	HUD Santa Cruz HMIS & HUD-Admin Santa Cruz	14.235	CA0230B9T081104	55,734
Supporting Housing Program July 1, 2012 - March 31, 2013	HMIS HUD Santa Clara Expansion & HUD Admin Santa Clara	14.235	CA0951B9T001000	132,857
Supporting Housing Program April 1, 2013 - June 30, 2013	HMIS HUD Santa Clara Expansion & HUD Admin Santa Clara	14.235	CA0951B9T001101	54,134
				555,924
Pass Through Programs from Community Development Block Grants (CDBG)				
Santa Clara County	HMIS CDBG Santa Clara County Match	14.218	H4012-5255100	106,198
Homeless Prevention Rapid Rehousing Program (HPRP) - (ARRA)				
City of San Jose	HPRP San Jose	14.257	HPRP-09-001	42,758
State of California/Sacred Heart Community Services	HPRP Balance of County	14.257	2010-09	3,410
				46,168
Total Expenditures of Federal Awards				**$ 708,290**

COMMUNITY TECHNOLOGY ALLIANCE

Notes to Schedule of Expenditures of Federal Awards

June 30, 2013

Note 1 - Basis of presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal financial assistance activity of Community Technology Alliance (the “Organization”) and is presented using the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note 2 - Summary of significant accounting policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, Cost Principles for Non-Profit Organization, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

COMMUNITY TECHNOLOGY ALLIANCE

Schedule of Findings and Questioned Costs

June 30, 2013

Section I - Summary of auditor's results

Financial statements

Type of auditor's report issued	Unmodified			
Internal control over financial reporting:				
Material weakness(es) identified?	____	yes	X	no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	____	yes	X	none reported
Noncompliance material to financial statements noted?	____	yes	X	no

Federal awards

Internal control over major programs:				
Material weakness(es) identified?	____	yes	X	no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	____	yes	X	none noted
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of *OMB Circular A-133*?	____	yes	X	no

Identification of major programs:

CFDA number(s)	Name of federal program or cluster
14.235	HUD Supportive Housing Program

Dollar threshold used to distinguished between type A and type B programs:	$300,000			
Auditee qualified as low-risk auditee?	____	yes	X	no

COMMUNITY TECHNOLOGY ALLIANCE

Schedule of Findings and Questioned Costs

June 30, 2013

Section II - Findings – financial statement audit

No financial statement findings.

Section III - Findings and questioned costs – federal awards

No findings and questioned costs for federal awards.