



COMMUNITY TECHNOLOGY ALLIANCE  
(A California Nonprofit Public Benefit Corporation)

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FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION

Year Ended June 30, 2014 with Comparative Totals  
for the Year Ended June 30, 2013

COMMUNITY TECHNOLOGY ALLIANCE  
(A California Nonprofit Public Benefit Corporation)

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SECTION I  
FINANCIAL SECTION  
FINANCIAL STATEMENTS

**FOUNDERS**

Alexander W. Berger (1916-2005)  
Griffith R. Lewis (1930-2012)

CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Community Technology Alliance  
(A California Nonprofit Public Benefit Corporation)  
San Jose, California

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

We have audited the accompanying financial statements of Community Technology Alliance (a California nonprofit public benefit corporation), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***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 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 Organization'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 Organization'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, 2014, 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.

## **Report on Summarized Comparative Information**

The prior year summarized comparative information has been derived from Community Technology Alliance's audited financial statements for the year ended June 30, 2013. Those financial statements were audited by other auditors whose report dated February 14, 2014, expressed an unmodified opinion on those statements.

### ***Other Matters***

#### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by 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 was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2014, on our consideration of Community Technology Alliance'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 the 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 Community Technology Alliance's internal control over financial reporting and compliance.



BERGER LEWIS ACCOUNTANCY CORPORATION  
San Jose, California  
November 18, 2014

COMMUNITY TECHNOLOGY ALLIANCE  
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF FINANCIAL POSITION

June 30, 2014 with Comparative Totals as of June 30, 2013

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	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and Cash Equivalents	\$ 15,525	\$ 102,190
Accounts Receivable	61,169	-
Grants Receivable	83,602	130,072
Pledged Inventory Receivable	393,809	-
Prepaid Expenses and Other Assets	<u>22,174</u>	<u>18,268</u>
Total Current Assets	<u>576,279</u>	<u>250,530</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>157,246</u>	<u>78,708</u>
<b>TOTAL ASSETS</b>	<u>\$ 733,525</u>	<u>\$ 329,238</u>

<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts Payable	\$ 12,486	\$ 10,951
Accrued Liabilities	82,402	56,495
Deferred Revenue	13,121	18,700
Line of Credit	<u>103,752</u>	<u>-</u>
Total Current Liabilities	<u>211,761</u>	<u>86,146</u>
<b>NET ASSETS:</b>		
Unrestricted Net Assets	87,657	184,959
Temporarily Restricted Net Assets	<u>434,107</u>	<u>58,133</u>
Total Net Assets	<u>521,764</u>	<u>243,092</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 733,525</u>	<u>\$ 329,238</u>

The Accompanying Notes are an Integral Part of these Financial Statements.

COMMUNITY TECHNOLOGY ALLIANCE  
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF ACTIVITIES

Year Ended June 30, 2014 with Comparative Totals for the Year Ended June 30, 2013

	2014			2013
	Unrestricted	Temporarily Restricted	TOTAL	TOTAL
<b>SUPPORT AND REVENUE:</b>				
Support:				
Government Grants	\$ 836,858	\$ -	\$ 836,858	\$ 876,585
Contributions	93,394	99,929	193,323	186,193
Contributions In-Kind	121,778	393,809	515,587	-
Total Support	1,052,030	493,738	1,545,768	1,062,778
Revenue:				
Program Service Revenue	549,515	-	549,515	349,644
Other Income	220	-	220	7,472
Loss on Disposal of Property and Equipment	(59)	-	(59)	(33,821)
Total Revenue	549,676	-	549,676	323,295
Total Support and Revenue	1,601,706	493,738	2,095,444	1,386,073
Net Assets Released from Restrictions				
	117,764	(117,764)	-	-
Total Support, Revenue and Net Assets Released from Restrictions	1,719,470	375,974	2,095,444	1,386,073
<b>EXPENSES:</b>				
Program Services	1,533,532	-	1,533,532	1,252,397
Supporting Services:				
Management and General	196,283	-	196,283	152,172
Fundraising	86,957	-	86,957	60,960
Total Supporting Services	283,240	-	283,240	213,132
Total Expenses	1,816,772	-	1,816,772	1,465,529
<b>CHANGE IN NET ASSETS</b>	(97,302)	375,974	278,672	(79,456)
<b>NET ASSETS, Beginning of Year</b>	184,959	58,133	243,092	322,548
<b>NET ASSETS, End of Year</b>	\$ 87,657	\$ 434,107	\$ 521,764	\$ 243,092

The Accompanying Notes are an Integral Part of these Financial Statements.

COMMUNITY TECHNOLOGY ALLIANCE  
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2014 with Comparative Totals for the Year Ended June 30, 2013

	Supporting Services				Total	
	Program Services	Management and General	Fundraising	Total	2014	2013
Salaries and Wages	\$ 968,243	\$ 103,140	\$ 62,261	\$ 165,401	\$ 1,133,644	\$ 856,836
Payroll Taxes	90,968	9,798	5,915	15,713	106,681	75,887
Employee Benefits	62,165	6,696	4,042	10,738	72,903	90,146
<b>Total Salaries and Related Expenses</b>	<b>1,121,376</b>	<b>119,634</b>	<b>72,218</b>	<b>191,852</b>	<b>1,313,228</b>	<b>1,022,869</b>
Technical Expenses	153,904	2,139	44	2,183	156,087	188,847
Professional Fees	64,833	48,881	3,263	52,144	116,977	67,819
Training and Conference Transportation	48,139	1,106	2,778	3,884	52,023	31,078
Rent	42,397	4,244	2,562	6,806	49,203	38,016
Co-Location and Other Services	30,521	3,282	1,981	5,263	35,784	12,794
Miscellaneous	5,734	9,406	308	9,714	15,448	4,294
Supplies	10,791	2,124	502	2,626	13,417	13,368
Insurance	8,652	932	563	1,495	10,147	5,004
Communications	5,037	529	320	849	5,886	8,916
Direct Client Services - Telecommunications	4,955	-	-	-	4,955	8,745
Bad Debt (Recoveries) Expense	-	-	-	-	-	(484)
<b>Total Expenses Before Depreciation</b>	<b>1,496,339</b>	<b>192,277</b>	<b>84,539</b>	<b>276,816</b>	<b>1,773,155</b>	<b>1,401,266</b>
Depreciation	37,193	4,006	2,418	6,424	43,617	64,263
<b>Total Functional Expenses</b>	<b>\$ 1,533,532</b>	<b>\$ 196,283</b>	<b>\$ 86,957</b>	<b>\$ 283,240</b>	<b>\$ 1,816,772</b>	<b>\$ 1,465,529</b>
Percentage of Total	84.4 %	10.8 %	4.8 %	15.6 %	100.0 %	

The Accompanying Notes are an Integral Part of these Financial Statements.



COMMUNITY TECHNOLOGY ALLIANCE  
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF CASH FLOWS

Year Ended June 30, 2014 with Comparative Totals for the Year Ended June 30, 2013

	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ 278,672	\$ (79,456)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	43,617	64,263
Donated Computer Hardware	(119,849)	-
Loss on Disposal of Property and Equipment	59	33,821
(Increase) Decrease in Assets		
Accounts Receivable	(61,169)	-
Grants Receivable	46,470	105,044
Pledged Inventory Receivable	(393,809)	-
Prepaid Expenses and Other Assets	(3,906)	38,318
Increase (Decrease) in Assets		
Accounts Payable	1,535	(40,849)
Accrued Liabilities	25,907	(13,124)
Deferred Revenue	(5,579)	(45,415)
Net Cash Provided (Used) by Operating Activities	(188,052)	62,602
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Property and Equipment	(2,365)	(22,439)
Net Cash Used by Investing Activities	(2,365)	(22,439)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from Line of Credit	103,752	-
Net Cash Provided by Financing Activities	103,752	-
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(86,665)	40,163
<b>CASH AND CASH EQUIVALENTS, Beginning of Year</b>	102,190	62,027
<b>CASH AND CASH EQUIVALENTS, End of Year</b>	\$ 15,525	\$ 102,190

The Accompanying Notes are an Integral Part of these Financial Statements.

COMMUNITY TECHNOLOGY ALLIANCE  
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

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NOTE 1 - ORGANIZATION:

Community Technology Alliance (the "Organization"), founded in 1991, is a nonprofit agency with a mission of harnessing technologies to empower communities to develop data-driven solutions to poverty and homelessness. In partnership with nonprofits, local government agencies and regional planning bodies, Community Technology Alliance accomplishes this mission by:

Community Technology Alliance's objectives are:

- Building and maintaining reliable data and systems
- Developing technologies that promote seamless service coordination
- Avoiding duplication and instead streamlining service
- Facilitating local and regional collaboration
- Providing technical solutions, technical assistance and training to agencies in order to optimize their efficiency and utilization of client data

NOTE 2 - PROGRAM SERVICES:

Homeless Management Information Systems - The Organization is best known for its expertise in technology and policy related to Homeless Management Information Systems (HMIS). HMIS is a shared data collection and case management tool that streamlines the delivery of shelter and supportive services to homeless and at-risk populations, while also reducing the duplication of cost and effort among nonprofits and public agencies that serve these populations. In the Bay Area, the Organization's HMIS is used by more than 75 nonprofit and public organizations who serve approximately 70,000 unduplicated homeless and extremely low-income people each year. The Organization also provides ongoing HMIS technical support to six counties in California and Pennsylvania. The data maintained in HMIS is used by the Organization and its partners to develop tools and strategies to end and prevent homelessness by supporting homeless and at-risk individuals and families on the road to self-sufficiency. The Organization has been providing HMIS services, including database management, software training, comprehensive reports, and data analysis since early 2004.

Technology Development and Training - The Organization engages in short-term consulting projects related to training, technology planning and development, and collective impact measurement with entities from across the country. Topics include the development of data standards, data collection and integration tools, policies and procedures, confidentiality and security, and performance measurement plans. The Organization has also designed numerous web and mobile applications to streamline services to at-risk populations and improve opportunities for outcome evaluation.

COMMUNITY TECHNOLOGY ALLIANCE  
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NOTES TO FINANCIAL STATEMENTS  
(Continued)

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NOTE 2 - PROGRAM SERVICES (Continued):

Telecommunications Services - The Organization provided direct telecommunication services to homeless and at-risk populations through its Community Voice Mail and Shelter Bed Hotline programs. Community Voice Mail used basic telecommunications as the first rung on the ladder across the digital divide. The program provided homeless and at-risk individuals and families in Santa Clara County with access to personal, reliable telecommunications to connect to opportunities for jobs, housing, and stability. Clients used 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. After nearly 20 years, the Organization ended the Community Voice Mail project, which was based on old land-line technology, at the end of the fiscal year ended June 30, 2014, and in its place launched the Mobile4All project, a mobile voice, text and data service with service features specifically designed to meet the needs of homeless and extremely low-income customers. The Shelter Bed Hotline is a toll-free number that offers information about emergency shelter in the nine-county San Francisco Bay Area with one call to the memorable number: 1-800-7-SHELTER.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting - The financial statements of Community Technology Alliance have been prepared on the accrual basis of accounting.

Basis of Presentation - In accordance with accounting principles generally accepted in the United States of America, the Organization reports its financial position and operating activities in three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets include those assets over which the Board of Directors has discretionary control in carrying out the operations of the Organization. Under this category, the Organization maintains an operating fund, any net assets designated by the Board for specific purposes and a property and equipment fund.

Temporarily restricted net assets include those assets which are subject to donor restriction and for which the applicable restriction was not met as of the year end of the current reporting period.

Permanently restricted net assets include those assets which are subject to a non-expiring donor restriction, such as endowments. There are currently no permanently restricted net assets.

Comparative Financial Information - The financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional expense categories. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2013, from which the summarized information was derived.

COMMUNITY TECHNOLOGY ALLIANCE  
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS  
(Continued)

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NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of support, revenue and expenses during the period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents - Cash and cash equivalents include highly liquid investments and investments with a maturity of three months or less, and exclude donor restricted receipts and amounts designated for long-term purposes. The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant risk on cash accounts.

Fair Value Measurement - Fair value is defined as "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."

A hierarchy has been established to prioritize the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). Observable inputs are those that market participants would use in pricing the asset based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

Level 2 - Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.

Level 3 - Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Organization's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

The carrying amounts reported in the statement of financial position for the following items approximate fair value because of the short maturity value of these instruments: Cash and Cash Equivalents, Accounts Receivable, Grants Receivable, Pledged Inventory Receivable, Accounts Payable, Accrued Liabilities, Deferred Revenue and the Line of Credit.

COMMUNITY TECHNOLOGY ALLIANCE  
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS  
(Continued)

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NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Grants, Pledged Inventory and Accounts Receivable - The Organization considers all grants, pledged inventory and accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary.

Property and Equipment - Property and equipment are recorded at cost or estimated fair value for donated items. Depreciation is computed on the straight-line method based on the estimated useful lives of the assets, which range from 3 to 10 years. Equipment purchases over \$1,000 are capitalized. Depreciation is recorded as a decrease in unrestricted net assets and the expense is charged to the activity benefiting from the use of the facilities or equipment. Amounts expended for maintenance and repairs are charged to operations as incurred.

Accrued Vacation - Accrued vacation represents vacation earned, but not taken as of June 30, 2014 and 2013, and is included in "accrued liabilities" in the statement of financial position. The accrued vacation balance as of June 30, 2014 and 2013 was \$38,242 and \$32,018, respectively.

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

Revenue Recognition - The Organization recognizes support and revenue on the accrual basis of accounting. 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 - Contributions are recognized when the donor makes a pledge 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. Restricted contributions are reported as increases in restricted net assets. When the restriction is met on a contribution received, the amount is shown as a reclassification of restricted net assets to unrestricted net assets.

Contributions In-Kind - Donated inventory, equipment and other donated goods are recorded at their estimated fair value as of the date of the donation. Contributed services, which require a specialized skill and which the Organization would have paid for if not donated, are recorded at the estimated fair value at the time the services are rendered. The Organization also receives donated services that do not require specific expertise but which are nonetheless central to the Organization's operations.

Functional Expense Allocation - The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salary allocations are based on time sheets and management's estimates. Other indirect costs are allocated based on personnel costs in each function.

COMMUNITY TECHNOLOGY ALLIANCE  
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS  
(Continued)

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NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Income Taxes - Community Technology Alliance is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and state income taxes under Section 23701(d) of the California Revenue Taxation Code. Accordingly, no provision for income taxes has been made in the accompanying statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a)(1) of the Internal Revenue Code.

Uncertainty in Income Taxes - Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Organization in its federal and state exempt organization tax returns are more-likely-than-not to be sustained upon examination.

The Organization's federal returns for the years ended June 30, 2013, 2012 and 2011 could be subject to examination by federal taxing authorities, generally for 3 years after they are filed. The Organization's state returns for the years ended June 30, 2013, 2012, 2011 and 2010 could be subject to examination by state taxing authorities, generally for 4 years after they are filed.

Reclassifications - Certain amounts in the prior year have been reclassified in order to be consistent with the current year presentation.

Subsequent Events - Management of the Organization has evaluated events and transactions subsequent to June 30, 2014 for potential recognition or disclosure in the financial statements. The Organization did not have subsequent events that required recognition or disclosure in the financial statements for the fiscal year ended June 30, 2014. Subsequent events have been evaluated through the date the financial statements became available to be issued, November 18, 2014.

NOTE 4 - PLEDGED INVENTORY RECEIVABLE:

Pledged inventory receivable consists of 1,000 Nexus 5 Google phones and 50 Nexus 7 Google tablets. These items were recorded at their estimated fair value as of the date of the donation based on online pricing at the date of the contribution. The majority of these products will be distributed for program purposes in the year ending June 30, 2015. Pledged inventory receivable as of June 30, 2014 and 2013 was \$393,809 and \$0, respectively.

COMMUNITY TECHNOLOGY ALLIANCE  
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NOTES TO FINANCIAL STATEMENTS  
(Continued)

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NOTE 5 - PROPERTY AND EQUIPMENT:

The cost and related accumulated depreciation of the property and equipment at June 30, consisted of the following:

	<u>2014</u>	<u>2013</u>
Office Equipment	\$ 266,904	\$ 178,102
Software	<u>167,675</u>	<u>167,675</u>
	434,579	345,777
Less: Accumulated Depreciation	<u>(277,333)</u>	<u>(267,069)</u>
Property and Equipment, Net	<u>\$ 157,246</u>	<u>\$ 78,708</u>

Depreciation expense for the years ended June 30, 2014 and 2013 was \$43,617 and \$64,263, respectively.

NOTE 6 - LINE OF CREDIT:

The Organization has a \$180,000 unsecured line of credit with Wells Fargo Bank with a rate set at the lower of prime plus 2% or 5%. The interest rate on June 30, 2014 was 5.25%. This line of credit is callable at any time at the discretion of Wells Fargo Bank. As of June 30, 2014 and 2013 the amount outstanding was \$103,752 and \$0, respectively.

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS:

The Organization's temporarily restricted net assets at June 30, consisted of the following:

	<u>2014</u>	<u>2013</u>
Purpose Restriction:		
Mobile Outreach Application	\$ 24,507	\$ -
Step Up Silicon Valley	15,791	58,133
Time Restriction:		
Pledged Inventory Receivable	<u>393,809</u>	<u>-</u>
Total Temporarily Restricted Net Assets	<u>\$ 434,107</u>	<u>\$ 58,133</u>

COMMUNITY TECHNOLOGY ALLIANCE  
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS  
(Continued)

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NOTE 8 - NET ASSETS RELEASED FROM RESTRICTIONS:

Net assets were released from restrictions during the year by incurring expenses satisfying the restricted purpose or by the expiration of time as follows:

	<u>2014</u>
Purpose Restriction:	
Step Up Silicon Valley	\$ 67,342
Mobile Outreach Application	<u>50,422</u>
Total Net Assets Released from Restrictions	<u>\$ 117,764</u>

NOTE 9 - CONTRIBUTIONS IN-KIND

For the years ended June 30, contributions in-kind included the following:

	<u>2014</u>	<u>2013</u>
Phones and Tablets (See Note 4)	\$ 393,809	\$ -
Computer Hardware	119,849	-
Other Hardware	<u>1,929</u>	<u>-</u>
Total Contributions In-Kind	<u>\$ 515,587</u>	<u>\$ -</u>

NOTE 10 - RETIREMENT PLAN:

The Organization sponsors a 403(b) retirement plan to provide retirement benefits to all eligible employees. The Organization did not make contributions to the Plan for the year ended June 30, 2014. The Organization contributed \$7,678 to the Plan for the year ended June 30, 2013.

NOTE 11 - CONTINGENCIES:

Grants and contracts awarded to Community Technology Alliance are subject to the funding agencies' criteria, contract terms and regulations under which expenditures may be charged and are subject to audit under such terms, regulations and criteria. Occasionally, such audits may determine that certain costs incurred in connection with the grants do not comply with the established criteria that govern them. In such cases, the Organization could be held responsible for repayments to the funding agency for the costs or be subject to a reduction of future funding in the amount of the costs. Management does not anticipate any material questioned costs for the contracts and grants administered during the period.



COMMUNITY TECHNOLOGY ALLIANCE  
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS  
(Continued)

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NOTE 12 - OPERATING LEASE COMMITMENTS:

The Organization leases its office space under a non-cancelable operating lease that began in December 2012 and runs through December 2016. Office rent expense for the years ended June 30, 2014 and 2013 under this lease totaled \$44,269 and \$38,016, respectively.

Future minimum lease payments (without adjustment for changes in the Consumer Price Index) are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2015	\$ 63,590
2016	65,454
2017	<u>33,193</u>
Total Future Minimum Lease Payments	<u>\$ 162,237</u>

NOTE 13 - CONTINUING OPERATIONS:

The Organization experienced losses in the past due to:

- The Organization's largest source of revenue – grants from the U.S. Department of Housing and Urban Development (HUD) – do not fully fund their own costs, requiring the Organization to use other funding sources and its own reserves to pay for the difference.
- Many of the public sources that the Organization historically relied on for support became unavailable as a result of changing regulations.
- The Organization expanded its fee-for-service activities in an effort to generate sufficient revenue to cover these losses, hiring additional personnel and expanding its office space to support the activities, but has not yet consistently earned a profit on these projects.

During this period, the Organization covered these deficits by spending down its reserves and by accessing a line of credit.

The Organization is implementing the following strategies to address these losses in the year ending June 30, 2015:

- Pursuing opportunities to reduce losses in HUD-funded projects by re-assigning two large HUD grants to another entity and contracting back with that entity to provide the services at a fee-for-service rate that covers all expenses.
  - Adopting a reduced budget in the year ending June 30, 2015, achieved in part through elimination of some staff positions.
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COMMUNITY TECHNOLOGY ALLIANCE  
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS  
(Continued)

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NOTE 13 - CONTINUING OPERATIONS (Continued):

- Adopting new fee-for-service rates for the year ending June 30, 2015 designed to cover the full cost of a project, and contribute toward the Organization's other financial priorities such as paying off the line of credit.
- Adopting a plan to dedicate 50% of new net revenue secured beyond the Organization's revenue goals during the year to repay the line of credit liability.

Management believes that its business plan for the year ending June 30, 2015 will allow the Organization to begin generating the revenue necessary to address the operational losses from previous years. With these strategies, the Organization has prepared itself to not only continue operations this year, but to also emerge better prepared to sustain the Organization in the future.

SECTION II  
SUPPLEMENTARY INFORMATION

COMMUNITY TECHNOLOGY ALLIANCE  
(A California Nonprofit Public Benefit Corporation)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2014

Federal Grantor Pass-Through Grantor Program Title	CFDA Number	Pass-Through Grantor's Number/ Grant Number	Grant Period/ Period In Current Fiscal Year	Federal Expenditures
<b><u>U.S. Department of Housing and Urban Development:</u></b>				
Supportive Housing Program	14.235	CA 0008L9T001205	9/1/13 - 6/30/14	\$ 272,240
Supportive Housing Program	14.235	CA 0951B9T001101	7/1/13 - 3/31/14	97,792
Supportive Housing Program	14.235	CA 0230L9T081205	10/1/13 - 6/30/14	67,313
Supportive Housing Program	14.235	CA 0230B9T081104	7/1/13 - 9/30/13	34,353
Supportive Housing Program	14.235	CA 0008B9T001104	7/1/13 - 8/31/13	32,820
Supportive Housing Program	14.235	CA 0951L9T001302	4/1/14 - 6/30/14	<u>28,607</u>
Total Supportive Housing Program				<u>533,125</u>
Community Development Block Grants/Entitlement Grants: Passed through Santa Clara County	14.218	PS-14-02	7/1/13 - 6/30/14	<u>15,000</u>
Emergency Solutions Grant Program	14.231	ESG-12-004A	7/1/13 - 6/30/14	87,945
Emergency Solutions Grant Program	14.231	ESG-12-004	7/1/12 - 6/30/13	<u>7,041</u>
Total Emergency Solutions Grant Program				<u>94,986</u>
<b>TOTAL FEDERAL EXPENDITURES</b>				<b><u>\$ 643,111</u></b>

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

COMMUNITY TECHNOLOGY ALLIANCE  
(A California Nonprofit Public Benefit Corporation)

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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NOTE 1 - BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Community Technology Alliance under programs of the federal government for the year ended June 30 2014. 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*. Because the Schedule presents only a selected portion of the operations of Community Technology Alliance, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Community Technology Alliance.

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 Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

SECTION III  
OTHER REPORTS

**FOUNDERS**

Alexander W. Berger (1916-2005)  
Griffith R. Lewis (1930-2012)

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  
(A California Nonprofit Public Benefit Corporation)  
San Jose, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Community Technology Alliance (a California nonprofit public benefit corporation), which comprise the statement of financial position as of June 30, 2014, 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 November 18, 2014.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Community Technology Alliance'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 Community Technology Alliance's internal control. Accordingly, we do not express an opinion on the effectiveness of Community Technology Alliance'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 Organization'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 Community Technology Alliance'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.

A handwritten signature in cursive script that reads "Berger Lewis Accountancy Corporation".

BERGER LEWIS ACCOUNTANCY CORPORATION  
San Jose, California  
November 18, 2014



**FOUNDERS**

Alexander W. Berger (1916-2005)  
Griffith R. Lewis (1930-2012)

CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

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  
(A California Nonprofit Public Benefit Corporation)  
San Jose, California

**Report on Compliance for Each Major Federal Program**

We have audited Community Technology Alliance's (a California nonprofit public benefit corporation) 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 Community Technology Alliance's major federal programs for the year ended June 30, 2014. Community Technology Alliance'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 Community Technology Alliance'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 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 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 Community Technology Alliance'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 Community Technology Alliance's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Community Technology Alliance 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, 2014.

### ***Report on Internal Control Over Compliance***

Management of Community Technology Alliance 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 Community Technology Alliance'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 Community Technology Alliance'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. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



BERGER LEWIS ACCOUNTANCY CORPORATION  
San Jose, California  
November 18, 2014

SECTION IV  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

COMMUNITY TECHNOLOGY ALLIANCE  
(A California Nonprofit Public Benefit Corporation)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2014

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SUMMARY OF AUDITOR'S RESULTS:

1. The auditor's report expresses an unmodified opinion on the financial statements of Community Technology Alliance.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Community Technology Alliance, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Community Technology Alliance expresses an unmodified opinion on all major federal programs.
6. No audit findings which would be required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The program tested as a major program was:
  - CFDA 14.235 - Supportive Housing Program
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. Community Technology Alliance was determined to be a low-risk auditee.

FINDINGS - FINANCIAL STATEMENTS AUDIT:

NONE

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT:

U.S. Department of Housing and Urban Development  
Name of Program - Supportive Housing Program  
CFDA No. - 14.235  
Grant Period - 7/1/13 - 6/30/14  
None

COMMUNITY TECHNOLOGY ALLIANCE  
(A California Nonprofit Public Benefit Corporation)

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2014

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NONE