



Sonoma County Regional Climate Protection Authority

**Basic Financial Statements,
Required Supplementary Information
and Other Supplementary Information**

For the Fiscal Year Ended June 30, 2019

**Sonoma County Regional Climate Protection Authority
Table of Contents**

	Page
Independent Auditor’s Report	1
Management's Discussion and Analysis (Required Supplementary Information)	3
Financial Statements	
Governmental Fund Balance Sheet / Statement of Net Position	7
Statement of Revenues, Expenditures and Changes in Fund Balance / Statement of Activities	8
Notes to the Basic Financial Statements	9
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	15
Note to Budget and Actual Schedule	16
Supplementary Information	
Roster of Board Members	17
Compliance	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	18



Independent Auditor's Report

Board of Directors
Sonoma County Regional
Climate Protection Authority
Santa Rosa, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Sonoma County Regional Climate Protection Authority ("RCPA"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise RCPA's basic financial statements as listed in the foregoing table of contents.

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 responsibility 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report (continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of RCPA as of June 30, 2019, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

The Roster of Board Members has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2019, on our consideration of RCPA's internal control over financial reporting and 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 effectiveness of RCPA's internal control over financial reporting or on compliance. Those reports are integral parts of the audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Pisenti & Brink LLP

Santa Rosa, California
November 20, 2019

Management's Discussion and Analysis

The management of the RCPA offers the readers of RCPA's basic financial statements this narrative overview and analysis of the financial activities of RCPA for the fiscal year ended June 30, 2019.

Financial highlights

- The assets of RCPA exceeded its liabilities at June 30, 2019 by \$205,060.
- RCPA's restricted net position at June 30, 2019 totaled \$205,060.

Overview of the financial statements

This discussion and analysis is intended to serve as an introduction to RCPA's basic financial statements. RCPA's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements

The *government-wide financial statements*, as listed in the table of contents, provide a broad overview of RCPA's activities as a whole, and are comprised of the *statement of net position* and the *statement of activities*.

The *statement of net position* provides information about the financial position of RCPA as a whole on the full accrual basis, similar to that used in the private sector.

The *statement of activities* provides information about RCPA's revenues and all its expenses, also on the full accrual basis, with the emphasis on measuring net revenues and expenses of each of RCPA's programs. The statement explains the change in net position for the year.

Fund financial statements

A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. RCPA, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. RCPA's only fund is a governmental fund.

Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Fund financial statements (continued)

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. RCPA's ending net position is equal to its ending fund balance because it has no non-current assets or liabilities at year end.

Notes to the basic financial statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government wide and fund financial statements.

Government-wide financial analysis

As noted above, net position may serve over time as a useful indicator of a government's financial position. In the case of RCPA, assets exceeded liabilities by \$205,060 at June 30, 2019.

Condensed Statement of Net Position

June 30,	2018	2019
Assets		
Current assets	\$ 312,165	\$ 388,866
Liabilities		
Current liabilities	171,996	183,806
Net position - restricted	\$ 140,169	\$ 205,060

Governmental activities

Governmental activities for RCPA resulted in an increase in net position balance of \$64,891 at June 30, 2019. Key elements of these activities during the fiscal year ended June 30, 2019 are identified on the following page.

Governmental fund

The focus of RCPA's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing RCPA's financing requirements. In particular, unassigned fund balance may serve as a useful measure of RCPA's net resources available for spending at the end of the fiscal year.

As of June 30, 2019, RCPA's governmental fund reported an ending fund balance of \$205,060.

Sonoma County Regional Climate Protection Authority

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2019

General fund budgetary highlights

Adjustments from the original approved budget resulted in a net increase to intergovernmental revenue of \$689,951. Associated adjustments to appropriated expenditures resulted in a net increase of \$508,904.

Condensed Statement of Changes in Net Position

Year Ended June 30,	2018	2019
Revenues:		
Program revenues - Climate protection program	\$ 955,293	\$ 1,215,180
General revenues	3,878	6,844
Total revenues	959,171	1,222,024
Expenses:		
Climate protection program	1,056,167	1,157,133
Total expenses	1,056,167	1,157,133
Change in net position	(96,996)	64,891
Net position, beginning of year	237,165	140,169
Net position, end of year	\$ 140,169	\$ 205,060

Fluctuations in revenues and expenses are generally correlated due to a significant portion of RCPA's program costs being reimbursable. Variations between the fiscal years ended June 30, 2018 and June 30, 2019 are due primarily to changes in program activity.

Economic Factors and Next Year's Budget

RCPA activities are primarily funded by local contributions from our member cities and partner agencies and from state and federal programs, which can be impacted by changes to state and federal budgets. In fiscal year 2018-19 RCPA activities were primarily funded by two state grant programs: the California Energy Commission's Alternative and Renewable Fuel and Vehicle Technology Program and the Bay Area Regional Energy Network (BayREN) overseen by the California Public Utilities Commission (CPUC). Activities funded by the California Energy Commission to address key market barriers for adoption of electric vehicles will continue through the calendar year 2020. The Bay Area Regional Energy Network is providing ratepayer funding overseen by the California Public Utilities Commission to the RCPA for calendar years 2018 and 2019. RCPA is exploring additional grant opportunities for future years' budgets.

Request for Information

This financial report is designed to provide a general overview of RCPA's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the Sonoma County Regional Climate Protection Authority, 411 King Street, Santa Rosa, CA 95404.

Financial Statements

Sonoma County Regional Climate Protection Authority

Governmental Fund Balance Sheet / Statement of Net Position

June 30, 2019

	General Fund		Governmental Activities
	Governmental Fund Balance Sheet	Adjustments	Statement of Net Position
Assets			
Cash and investments	\$ 30,723	\$ -	\$ 30,723
Accounts receivable	500	-	500
Due from other governments	357,643	-	357,643
Total assets	\$ 388,866	-	388,866
Liabilities			
Accounts payable	\$ 33,806	-	33,806
Due to other governments	150,000	-	150,000
Total liabilities	183,806	-	183,806
Fund balance/net position			
Fund balance			
Restricted	205,060	(205,060)	-
Total fund balance	205,060	(205,060)	-
Total liabilities and fund balance	\$ 388,866		
Net position			
Restricted		205,060	205,060
Total net position		\$ 205,060	\$ 205,060

Sonoma County Regional Climate Protection Authority

**Statement of Revenues, Expenditures and
Changes in Fund Balances / Statement of Activities**

For the Year Ended June 30, 2019

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities Governmental Activities</u>
Expenditures/expenses			
Current:			
Services and supplies	\$ 1,157,133	\$ -	\$ 1,157,133
Total expenditures/expenses	<u>1,157,133</u>	<u>-</u>	<u>1,157,133</u>
Program revenues			
Intergovernmental revenue	<u>1,215,180</u>	<u>-</u>	<u>1,215,180</u>
Total program revenues	<u>1,215,180</u>	<u>-</u>	<u>1,215,180</u>
 Excess of program revenues over expenditures/expenses	<u>58,047</u>	<u>-</u>	<u>58,047</u>
 General revenues			
Donations	500	-	500
Investment income	<u>6,344</u>	<u>-</u>	<u>6,344</u>
Total general revenues	<u>6,844</u>	<u>-</u>	<u>6,844</u>
Net change in fund balance/net position	64,891	-	64,891
 Fund balance/net position:			
June 30, 2018	<u>140,169</u>	<u>-</u>	<u>140,169</u>
June 30, 2019	<u>\$ 205,060</u>	<u>\$ -</u>	<u>\$ 205,060</u>

Note A. Reporting Entity

The Sonoma County Regional Climate Protection Authority (RCPA) was created by the passage of Assembly Bill 881, on October 11, 2009. Pursuant to AB 881, RCPA is governed by the same Board of Directors that governs the Sonoma County Transportation Authority (SCTA). RCPA is a separate legal entity from SCTA. RCPA, in cooperation with local agencies, performs coordination and implementation activities, within the boundaries of Sonoma County, to assist those agencies in meeting their greenhouse gas emission reduction goals. RCPA assists local agencies develop, coordinate, and implement programs and policies to comply with the California Global Warming Solutions Act and other federal or state mandates and programs designed to respond to greenhouse gas emissions and climate change.

The RCPA Board of Directors is governed by a twelve member board. Nine of these members are chosen from the councils of the nine incorporated cities or towns of Sonoma County and three are chosen from the Sonoma County Board of Supervisors.

Note B. Summary of Significant Accounting Policies

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of RCPA.

The statement of activities demonstrates the degree to which the direct expenses of a given function or program is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include grants and contributions that are restricted to meeting operational or capital requirements of a particular function or program, as well as restricted investment income. Other revenues not properly included among program revenues are reported instead as general revenues.

RCPA is engaged in a single program and has chosen to present combined government-wide and fund financial statements with a reconciliation of the individual line items in a separate column on each statement.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Note B. Summary of Significant Accounting Policies (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered available when they are collectible within the period or soon enough thereafter to pay liabilities of the current period. For this purpose, RCPA considers revenues available if they are collected within 365 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

RCPA has no non-current assets or liabilities. Accordingly, net position and fund balance are equal at year end. Additionally, the change in net position on the statement of activities is equal to the change in fund balance.

Intergovernmental Revenue and Due From Other Governments

Intergovernmental revenue represents grant funds from the following:

Funding Source and Purpose	Intergovernmental Revenue
California Public Utilities Commission grant funds passing through the Association of Bay Area Governments	
Implementation of Bay Area Regional Energy Network programs	\$ 610,247
RCPA Member Governments	
Local Contributions	415,868
California Energy Commission grant funds	
Advancement of the adoption of plug-in electric vehicles	124,784
Sonoma Clean Power	
Technical assistance with transportation electrification programs	49,281
Bay Area Air Quality Management District grant funds	
Implementation of the E-bike program	15,000
Total	\$ 1,215,180

Due from other governments represents amounts earned but not yet received from these funding sources.

Note B. Summary of Significant Accounting Policies (continued)

Net Position

Net position is classified into three components: 1) invested in capital assets, 2) restricted, and 3) unrestricted. These classifications are defined as follows:

- Invested in capital assets – This component of net position consists of capital assets, net of accumulated depreciation. RCPA has no capital assets and therefore this amount was zero at year end.
- Restricted net position – This component of net position consists of net position with limits on its use that are imposed by outside parties or enabling legislation.
- Unrestricted net position – This component of net position consists of net position that does not meet the definitions of "restricted" or "invested in capital assets."

When both restricted and unrestricted resources are available, unrestricted resources are used only after restricted resources are depleted.

Fund Balance

Governmental funds report fund balance as non-spendable, restricted, committed, assigned or unassigned based primarily on the extent to which RCPA is bound to honor constraints on how specific amounts can be spent. The fund balance classifications are defined below.

- Non-spendable – Amounts that are not in a spendable form or are to be maintained intact.
- Restricted – Amounts that can be spent only for the specific purpose stipulated by external resource providers or through enabling legislation.
- Committed – Amounts that can be used only for the specific purpose determined by a formal action of the entity's highest level of decision making authority.
- Assigned – Amounts intended to be used by the government for specific purpose determined either by the governing body or by an official or body to which the governing body delegates the authority.
- Unassigned – The residual classification is used for the general fund and includes all amounts not contained in the other classifications. This amount is technically available for any purpose.

In general, when both restricted and unrestricted resources are available, restricted resources are used first. When expenditures are made of unrestricted resources, RCPA first applies committed, then assigned, and then unassigned resources.

Note B. Summary of Significant Accounting Policies (continued)

Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note C. Cash and Investments

Investment in the Sonoma County Treasurer's Investment Pool

Cash and investments are generally comprised of cash pooled with the Sonoma County Treasury Pool (the Treasury Pool), an external investment pool, and are carried at fair value. The Sonoma County Treasurer's office also acts as a disbursing agent for RCPA. The fair value of RCPA's investment in this pool is based upon RCPA's pro-rata share of the fair value provided by the Treasury Pool for the entire Treasury Pool portfolio (in relation to the amortized cost of that portfolio).

The balance available for withdrawal is based on accounting records maintained by the Treasury Pool, which are recorded on an amortized cost basis. Interest earned on investments pooled with the Treasury Pool is allocated quarterly to the appropriate fund based on its respective average daily balance for that quarter.

The Treasury Oversight Committee of the Treasury Pool has oversight for all monies deposited into the Treasury Pool.

Treasury Pool Investment Guidelines

RCPA's pooled cash and investments are invested pursuant to investment policy guidelines established by the County Treasurer and approved by the Board of Supervisors. The objectives of the policy are, in order of priority: safety of capital, liquidity, and yield. The policy addresses the soundness of financial institutions in which the County will deposit funds, types of investment instruments as permitted by the California Government Code 53601, and the percentage of the portfolio that may be invested in certain instruments with longer terms to maturity.

A copy of the Sonoma County investment policy is available upon request from the Sonoma County Auditor-Controller-Treasurer-Tax Collector at 585 Fiscal Drive, Room 100, Santa Rosa, California, 95403.

Note C. Cash and Investments (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Due to the highly liquid nature of RCPA's investment with the Treasury Pool, RCPA's exposure to interest rate risk is deemed by management to be insignificant.

The weighted average maturity of Treasury Pool investments at June 30, 2019 was 552 days.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Treasury Pool does not have a rating provided by a nationally recognized statistical rating organization.

Custodial Credit Risk

With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as the Treasury Pool).

Concentration of Credit Risk

The investment policy of RCPA contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There were no non-pooled investments held by RCPA at June 30, 2019.

Fair Value Measurements

RCPA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. RCPA has a recurring fair value measurement for its investment in the Sonoma County Treasury Pool which is valued using significant other observable inputs (Level 2). RCPA's Level 2 investments have fair value of \$30,723 as of June 30, 2019.

Note D. Risk Management

RCPA is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. RCPA is covered for general, automobile, crime and errors and omissions liability through Alliant Insurance Services. Limits of this coverage are \$1,000,000 per occurrence. The deductible for these occurrences is \$5,000.

RCPA participates in the County of Sonoma's self-insurance program providing \$300,000 per occurrence for workers' compensation claims. The self-insurance program is accounted for in the County's Risk Management Internal Service Fund. Excess worker's compensation liability coverage is maintained through participation in the California State Association of Counties, Excess Insurance Authority (CSAC-EIA).

Sonoma County Regional Climate Protection Authority

**Schedule of Revenues, Expenditures and Changes in Fund Balance-
Budget and Actual - General Fund**

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenue	\$ 1,096,250	\$ 1,786,201	\$ 1,215,180	\$ (571,021)
Donations	-	-	500	500
Investment income	2,500	2,500	6,344	3,844
Total revenues	1,098,750	1,788,701	1,222,024	(566,677)
Expenditures				
Current:				
Services and supplies	1,096,301	1,605,205	1,157,133	448,072
Total expenditures	1,096,301	1,605,205	1,157,133	448,072
Excess of revenues over expenditures	2,449	183,496	64,891	(118,605)
Fund balance, June 30, 2018	140,169	140,169	140,169	-
Fund balance, June 30, 2019	\$ 142,618	\$ 323,665	\$ 205,060	\$ (118,605)

Note A. Budgetary Information

Budgetary revenue estimates represent original estimates modified for any authorized adjustment which was contingent upon new or additional revenue sources. Budgetary expenditure amounts represent original appropriations adjusted by budget transfers and authorized appropriation adjustments made during the year. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. RCPA's budgetary information was amended during the fiscal year.

Sonoma County Regional Climate Protection Authority

Roster of Board Members

For the Fiscal Year Ended June 30, 2019

The following is a roster of the Sonoma County Regional Climate Protection Authority Board of Directors and the Executive Director at June 30, 2019.

Board of Directors	Agency
Mark Landman, Chair	City of Cotati
Susan Gorin, Vice Chair	County of Sonoma
Melanie Bagby	City of Cloverdale
Joe Naujokas	City of Healdsburg
Kathy Miller	City of Petaluma
Joseph Callinan	City of Rohnert Park
Chris Coursey	City of Santa Rosa
Sarah Gurney	City of Sebastopol
Logan Harvey	City of Sonoma
David Rabbitt	County of Sonoma
Shirlee Zane	County of Sonoma
Sam Salmon	Town of Windsor
Alternate Susan Harvey	City of Cotati
Alternate Leah Gold	City of Healdsburg
Alternate D'Lynda Fischer	City of Petaluma
Alternate Susan Adams	City of Rohnert Park
Alternate Julie Combs	City of Santa Rosa
Alternate Michael Carnnachi	City of Sebastopol
Alternate Madolyn Agrimonti	City of Sonoma
Alternate Bruce Okrepie	Town of Windsor
Executive Director	
Suzanne Smith	Executive Director



**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***

Independent Auditor's Report

Board of Directors
Sonoma County Regional
Climate Protection Authority
Santa Rosa, California

We have audited, 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, the financial statements of the governmental activities and the major fund of the Sonoma County Regional Climate Protection Authority ("RCPA"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise RCPA's basic financial statements, and have issued our report thereon dated November 20, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered RCPA'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 RCPA's internal control. Accordingly, we do not express an opinion on the effectiveness of RCPA'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of RCPA'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.

**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 (continued)**

Independent Auditor's Report (continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether RCPA's financial statements are free of 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 RCPA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RCPA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pisenti & Brinku LLP

Santa Rosa, California
November 20, 2019