CohnReznick

SDHC Audited Financial Statements (ACFR)

Year ended June 30, 2026

Prepared for: Audit Committee of
SDHC Board of Commissioners

Date: November 5, 2026



"CohnReznick" is the brand name under which CohnReznick LLP and CohnReznick Advisory LLC and their respective subsidiaries provide professional services. CohnReznick LLP and CohnReznick Advisory LLC (and their respective subsidiaries) practice in an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable law, regulations and professional standards. CohnReznick LLP is a licensed CPA firm that provides attest services to its clients. CohnReznick Advisory LLC provides tax and business consulting services to its clients. CohnReznick Advisory LLC and its subsidiaries are not licensed CPA firms.

Agenda

- Audit Process
- Audit Results and Comments
- Required Communications



Audit Process

Audit Process

Risk Assessment

- Revenue recognition
- Financial close
- Capital assets
- Management override of internal controls
- Unrecorded payables

Walkthroughs of Internal Controls

- Cash receipt process
- Procure to pay
- Payroll
- IT general controls
- Financial close process
- Controls over compliance with major programs

Substantive Tests

- Material account balances
- Significant classes of transactions
- Significant risks
- Presentation and disclosure
- Major program compliance with UG requirements

Required Audit Procedures

- Consideration of fraud
- Management's estimates
- Non-routine transactions
- Complex or significant transactions



Audit Results and Comments

Audit Results and Comments

SDHC in a quasi-governmental agency in receipt of federal funds subject to three sets of auditing standards and results in three Auditor's Reports:

- Auditing standards generally accepted in the United States of America (GAAS)
- Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States (GAGAS)
- Auditing standards required by Uniform Guidance (UG)



Audit Results and Comments

Independent Auditor's Report under GAAS:

- Audit of financial statement amounts and disclosures
- Financial Statements (ACFR) contain both audited and unaudited information
  - Audited: Financial Statements and Notes; Combining Schedules; HUD Financial Data Schedule and Schedule of Expenditures of Federal Awards (SEFA)
  - Unaudited: Introductory Section; MD&A and Statistical Section
- Result was an unmodified (clean) opinion



Audit Results and Comments

Independent Auditor's Report under GAGAS:

- Consideration of internal control over financial reporting and compliance with laws, regulations, contracts and grant agreements which could have a material effect on the financial statements
- No opinion on internal control or compliance expressed
- No material weakness in internal controls or noncompliance required to be reported



Audit Results and Comments

Independent Auditor's Report under UG:

- Audit of compliance for major federal programs and consideration of internal control over compliance with major federal programs
- Three major federal programs:
  - Moving To Work (MTW): ALN 14.881
  - Housing Voucher Cluster: Emergency Housing Vouchers and Family Unification Program (ALN 14.871) and Mainstream Vouchers (ALN 18.879)
  - Community Development Grant (CDBG) ALN 14.218
- Unmodified (clean) opinion over compliance and no deficiencies in internal control over compliance required to be reported.



Required Communications

Required Communications

Auditor's Responsibility Under Generally Accepted Auditing Standards and Government Auditing Standards:

- Express an opinion as to whether the financial statements, are fairly presented in all material respects, in conformity with the accounting principles adopted by SDHC
- Plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement
- Consider internal control over financial reporting and compliance with certain provisions of laws, regulations, contracts, and grant agreements
- Management is responsible for the selection and use of appropriate accounting policies



Required Communications

Other comments:

- We identified management override of controls and revenue recognition as significant risks in planning and performing our audit procedures
- SDHC adopted GASB Statements No. 103 and 104, with no material effect on the financial statements
- We noted no transactions entered into by SDHC and related accounting policies during the year for which there was a lack of authoritative guidance or consensus
- We evaluated key factors and assumptions used to develop the collectability of receivables and revenue and determined they are reasonable



Required Communications

Other comments:

- We have complied with all relevant ethical requirements regarding independence
- We have not identified or obtained information fraud may have occurred
- There were no disagreements or difficulties with management
- There were no consultations with other accountants regarding auditing or accounting matters
- In connection with our procedures, there were no material audit adjustments identified by CohnReznick



CohnReznick Contacts



Ahamadou Alainchar Bocar
Partner

916-930-5722 | Ahamadou.Bocar@CohnReznick.com



Jacky Tang
Director

916-930-5289 | Jacky.Tang@CohnReznick.com