



Housing Trust Fund Ventura County

Audited Financial Statements
For the Years Ended December 31, 2019 and 2018

Mitchell & Associates, APC

Certified

Public

Accountants

& Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Housing Trust Fund Ventura County
Camarillo, CA

We have audited the accompanying Statements of Financial Position of Housing Trust Fund Ventura County as of December 31, 2019 and 2018, and the related Statements of Activities, Functional Expenditures, and Cash Flows for the years then ended.

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. 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 auditors' 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 Housing Trust Fund Ventura County as of December 31, 2019 and 2018 and the results of its operations and its cash flow for the years then ended in conformity with accounting principles generally accepted in United States of America.

Mitchell & Associates, APC

Camarillo, California

July 7, 2020

Housing Trust Fund Ventura County
Statements of Financial Position

For the Years Ended December 31,	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 983,407	\$ 2,118,831
TOTAL CURRENT ASSETS	983,407	2,118,831
TEMPORARILY RESTRICTED CASH		
Restricted use account	85,000	177,500
Loan loss reserve	109,887	42,750
Operating reserve	60,000	60,000
Loans pending funding	200,000	500,000
TOTAL TEMPORARILY RESTRICTED CASH	454,887	780,250
OTHER ASSETS		
Loans receivable	3,662,892	1,425,000
Undeposited Funds	3,750	-
Grant Receivable	30,000	-
TOTAL OTHER ASSETS	3,696,642	1,425,000
TOTAL ASSETS	\$ 5,134,936	\$ 4,324,081

Housing Trust Fund Ventura County
Statements of Financial Position

For the Years Ended December 31,

2019

2018

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	\$ 4,104	\$ -
Payroll Liabilities	<u>2,858</u>	<u>-</u>
 TOTAL CURRENT LIABILITIES	 <u>6,962</u>	 <u>-</u>

LONG-TERM DEBT

Notes Payable	<u>1,500,000</u>	<u>850,000</u>
 TOTAL LONG-TERM DEBT	 <u>1,500,000</u>	 <u>850,000</u>

NET ASSETS

Temporarily restricted	3,162,016	3,082,016
Unrestricted	<u>465,957</u>	<u>392,065</u>
 TOTAL NET ASSETS	 <u>3,627,973</u>	 <u>3,474,081</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,134,936</u>	<u>\$ 4,324,081</u>
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Housing Trust Fund Ventura County
Statements of Activities

For the Years Ended December 31,	2019	2018
CHANGES IN NET ASSETS		
REVENUES AND OTHER SUPPORT		
Application Fees	\$ 2,500	\$ 500
Bank Account Interest Income	8,000	7,019
Board Dues	7,150	7,750
Donations and Miscellaneous	5,305	1,819
Fundraising Events	101,325	54,585
Government Grants	15,000	22,500
Loan Program Interest	91,195	55,766
Other Grants	87,500	7,500
Contribution Income	16,610	-
Documentation Fees	6,875	-
Fee for Service	120	-
Loan Origination Fee	38,629	-
Underwriting	3,250	-
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TOTAL REVENUES	383,459	157,439
EXPENDITURES		
Program services	266,350	182,673
Fundraising	48,217	33,262
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TOTAL EXPENDITURES	314,567	215,935
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Increase/(Decrease) in Unrestricted Net Assets	68,892	(58,496)
TEMPORARILY RESTRICTED NET ASSETS		
Grants and contracts	85,000	127,500
Other grants	-	5,000
	<hr/>	<hr/>
Change in temporarily restricted net assets	85,000	132,500
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Net increase in Net Assets	153,892	74,004
Net Assets, beginning of the year	3,474,081	3,400,077
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NET ASSETS, END OF THE YEAR	<u>\$ 3,627,973</u>	<u>\$ 3,474,081</u>

Housing Trust Fund Ventura County
Statements of Functional Expenditures

For the Year ended December 31, 2019

EXPENDITURES	Program Services		Total
	Services	Fundraising	Expenditures
Bank Service Charges	\$ 1,498	\$ -	\$ 1,498
Board Meeting Expense	1,393	50	1,443
Board Retreat	232	-	232
Board/Staff Training	87	-	87
Bookkeeping	3,691	-	3,691
Director's Expenses	302	-	302
Director's Salary	111,414	5,864	117,278
Event Expense	-	18,600	18,600
Housing Land Trust	15,299	-	15,299
Insurance Premiums	6,321	-	6,321
Interest Expense	32,791	-	32,791
Marketing	34,276	3,808	38,085
Membership Dues/Subscription	1,053	-	1,053
Office Equipment/Supplies	3,910	-	3,910
Office Telephone/Internet	2,436	-	2,436
Part-Time Admin	10,765	16,148	26,913
Payroll Expense	860	-	860
Payroll Taxes	10,271	1,141	11,412
Professional Fees	12,184	-	12,184
Rent	8,460	-	8,460
Travel	5,204	-	5,204
Website & IT	2,736	1,440	4,176
Workers Comp	1,166	1,166	2,332
TOTAL EXPENDITURES	\$ 266,350	\$ 48,217	\$ 314,567

Housing Trust Fund Ventura County
Statements of Cash Flows

For the Years Ended December 31,	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 153,892	\$ 74,004
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Decrease (increase) in operating assets:		
Loans receivable	(2,237,892)	294,257
Pledges and grants receivable	(30,000)	6,000
Undeposited Funds	(3,750)	-
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	6,962	(7,192)
Net cash provided by (used in) operating activities	(2,110,788)	367,069
CASH FLOWS FROM INVESTING ACTIVITIES		
Net withdrawals from restricted use accounts	25,363	260,335
Changes to loans pending funding	300,000	(500,000)
Net cash provided by (used in) investing activities	325,363	(239,665)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase/ (Decrease) in Notes Payable	650,000	-
Net increase in cash and cash equivalents	(1,135,424)	127,404
Cash and cash equivalents at the beginning of the year	2,118,831	1,991,427
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 983,407	\$ 2,118,831

Housing Trust Fund Ventura County
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statement
December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Housing Trust Fund Ventura County (HTFVC), a California nonprofit public benefit corporation, was originally incorporated on August 25, 2011. HTFVC's mission is to support more housing choices by leveraging financial resources, working in partnership with the public, private, and non-profit sectors throughout Ventura County.

Basis of Accounting

HTFVC prepares its financial statements on the accrual basis of accounting in accordance with the American Institute of Certified Public Accountants' Audit and Accounting Guide, *Not-for-Profit Organizations*. Revenue and related assets are recognized when earned and expenses are recognized when the related obligations are incurred. HTFVC identified the costs to be charged to the appropriate funding sources.

Basis of Presentation

Net assets, support and revenues are classified based on the absence or existence and nature of donor-imposed restrictions, as follows:

- Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.
- Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that can be fulfilled by actions by HTFVC pursuant to those stipulations or that expire by the passage of time.
- Permanently restricted net assets – Net assets subject to donor-imposed stipulations that are maintained permanently by HTFVC. Generally, the donors of such assets permit HTFVC to use all or part of the income earned on the assets.

When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

There were no permanently restricted net assets during the years ended December 31, 2019 and 2018.

Revenue Recognition

Revenue recognition depends on the specifics of the grant award agreements. Interest income is recognized when earned. Grants and contributions are recognized as revenues in the period received.

Housing Trust Fund Ventura County
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statement
December 31, 2019

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods, or restricted by the donor for specific purposes, are reported as temporarily restricted support, and result in a correlated increase within that related net asset class.

Donated services that create or enhance non-financial assets or that require specialized skills and would typically need to be purchased if not provided by donation, would be reported as In-Kind donations on the accompanying statements of activities. In-Kind donations of approximately \$16,610 were made during the year ended December 31, 2019 while no contributions were made for the year ended December 31, 2018.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the accompanying Statements of Activities and Statements of Functional Expenditures. Accordingly, certain costs have been allocated among the programs and supporting services based on estimates of employees' time incurred and on usage of resources.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, HTFVC considers all the highly liquid unrestricted investments with an original maturity of three months or less to be cash equivalents. Cash is defined as cash in demand deposit accounts, as well as cash on hand. Not included as cash are funds restricted as to their use, regardless of liquidity.

Concentration of Credit Risk

HTFVC maintains its cash and cash equivalents in various bank accounts which, at times, may exceed federally insured limits. HTFVC has not experienced any losses in such accounts. The management of HTFVC believes it is not exposed to any significant credit risk on the balances in these deposit accounts.

Concentration of Business Risk

HTFVC's grants and accounts receivables are primarily due from grantor agencies and contractual obligations. Concentrations of business risk with respect to these receivables, is limited due to the ability of grantor agencies or contractual obligators to make payments. HTFVC's management did not believe significant business risk existed as of December 31, 2019.

Housing Trust Fund Ventura County
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statement
December 31, 2019

Tax Status

HTFVC is a nonprofit organization incorporated under the laws of the State of California. It has been granted tax exempt status by the Internal Revenue Service under Internal Revenue Code Section 501(c)(3) and the related California Revenue and Taxation Code Section 23701(d); accordingly, no provision for federal income or California franchise taxes have been recognized, or included in the accompanying financial statements (with the exception of the \$10 minimum tax payable to California).

Use of Estimates

The preparation of financial statements in conformity with the American Institute of Certified Public Accountants' Audit and Accounting Guide, *Not-for-Profit Organizations*, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through July 02, 2020, the date of the financial statements, and found no reportable events in this regard.

Housing Trust Fund Ventura County
(A California Nonprofit Public Benefit Corporation)

Notes to Financial Statement
December 31, 2019

NOTE 2 – LOANS RECEIVABLE

The composition of loans receivable is as follows:

	<u>2019</u>	<u>2018</u>
El Portal Rehab	\$ 700,000	-
H4H Barry Street	300,000	-
Mountain View	1,262,892	-
Willett Acquisition	1,400,000	-
Citricos – Santa Paula Housing Authority	-	300,000
Walnut Street – Area Housing Authority of the County of Ventura/ Many Mansions	<u>-</u>	<u>1,125,000</u>
Total Loans Receivable	<u>\$3,662,892</u>	<u>\$1,425,000</u>

NOTE 3 – RESTRICTED CASH

Restricted Funds

Restricted funds represent designated and restricted cash deposits to be withdrawn only for advances as to qualifying loan receivable activities being conducted by HTFVC. In some instances, a certain percentage of these restricted funds are allowed to cover administrative costs.

Loan Loss Reserve and Operating Reserve

The Loan Loss Reserve and Operating Reserve are Board designated reserves established to fund the non-collectability of certain loan issues, as well as provide for funds to cover operating deficits as they arise, respectively. The Loan Loss Reserve is to be funded at 3% of the outstanding loan receivables. The Operating Reserve is to be funded to adequately cover 3 months of average operating expenses. As of December 31, 2019, the Loan Loss Reserve and Operating Reserve had been properly funded.

Loans Pending Funding

The Loans Pending Funding account was a \$500,000 loan designated for Habitat for Humanity's Camarillo housing project. The loan agreement was signed on October 5, 2018 though only \$300,000 was drawn on April 29, 2019. The remaining \$200,000 is expected to be disbursed in 2020.

Housing Trust Fund Ventura County
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statement
December 31, 2019

NOTE 4 – LOANS PAYABLE

The following represent loans from charities and private organizations made to HTFVC in order to fund its programs. As of December 31, 2019, the composition of loans payable is as follows:

McCune Foundation Loan: \$250,000, unsecured loan, bearing interest at a rate of 2.00% per annum. Simple interest only is payable quarterly. The principal and unpaid interest were originally due on July 31, 2019. A modification option to extend the maturity through July 31, 2024 was exercised on April 29, 2019.	Total loans payable
	\$ 250,000

Pacific Western Bank Loan: \$500,000, unsecured loan, bearing interest at a rate of 3.00% per annum. Simple interest only is payable quarterly. The principal and unpaid interest are originally due on November 27, 2022. A modification option to extend the maturity through November 27, 2027 can be exercised.	
	500,000

Rabobank, N.A. (EO2 Loans): \$250,000, unsecured loan, bearing interest at a rate of 2.00% per annum. Simple interest only is payable quarterly. The principal and unpaid interest are originally due on May 9, 2019. A modification option to extend the maturity through May 9, 2024 was exercised on May 6, 2019.	
	250,000

Housing Trust Fund Ventura County
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statement
December 31, 2019

NOTE 4 – LOANS PAYABLE (Cont.)

City National Bank LOC: \$500,00, unsecured loan, bearing interest at a rate of 1.50% per annum. Simple interest only is payable monthly. The principal and unpaid interest are originally due on February 08, 2023.

500,000

\$ 1,500,000