

Housing Trust Fund Ventura County

Audited Financial Statements

For the Years Ended December 31, 2021 and 2020

Mitchell & Associates, APC

Certified

Public

Accountants

& Consultants

Housing Trust Fund Ventura County

TABLE OF CONTENTS

Independent Accountant's Audit Report	1-2
Financial Statements:	
Statements of Financial Position	3-4
Statements of Activities and Changes in Net Assets	5
Statements of Cash Flows	6
Notes to the Financial Statements	7-12
Supplemental Schedule:	
Schedule A: Schedule of Expenditures	13

INDEPENDENT ACCOUNTANT'S AUDIT REPORT

To the Board of Directors
Housing Trust Fund Ventura County
Camarillo, CA

Opinion

We have audited the accompanying financial statements of Housing Trust Fund Ventura County (a California non-profit), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Housing Trust Fund Ventura County and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Housing Trust Fund Ventura County's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Housing Trust Fund Ventura County's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Housing Trust Fund Ventura County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

M. J. Mitchell & Associates, APC

Camarillo, California

March 2, 2022

Housing Trust Fund Ventura County
Statements of Financial Position

For the Year Ended December 31,	2021	2020
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 1,171,493	\$ 3,840,429
Total Current Assets	<u>1,171,493</u>	<u>3,840,429</u>
Temporarily Restricted Cash		
Restricted Use Account	224,200	202,400
Loan Loss Reserve	111,000	59,250
Operating Reserve	60,000	60,000
Loans Pending Funding	<u>3,167,018</u>	<u>125,000</u>
Total Temporarily Restricted Cash	<u>3,562,218</u>	<u>446,650</u>
Other Assets		
Loans Receivable	<u>3,700,000</u>	<u>1,975,000</u>
Total Other Assets	<u>3,700,000</u>	<u>1,975,000</u>
Property and Equipment, Net	<u>4,717</u>	<u>5,975</u>
Total Assets	<u><u>\$ 8,438,429</u></u>	<u><u>\$ 6,268,054</u></u>

Housing Trust Fund Ventura County
Statements of Financial Position

For the Year Ended December 31,	2021	2020
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 8,977	\$ 7,016
Payroll Liabilities	<u>6,064</u>	<u>4,031</u>
Total Current Liabilities	<u>15,041</u>	<u>11,047</u>
Long-Term Liabilities		
PPP Loan	-	20,832
Notes Payable	<u>2,500,000</u>	<u>2,500,000</u>
Total Long-Term Liabilities	<u>2,500,000</u>	<u>2,520,832</u>
Net Assets		
Net Assets with Donor Restrictions	3,552,885	3,364,416
Net Assets without Donor Restrictions	<u>2,370,503</u>	<u>371,760</u>
Total Net Assets	<u>5,923,388</u>	<u>3,736,176</u>
Total Liabilities and Net Assets	<u><u>\$ 8,438,429</u></u>	<u><u>\$ 6,268,054</u></u>

Housing Trust Fund Ventura County
Statements of Activities and Changes in Net Assets

For the Year Ended December 31,	2021	2020
Revenue and Other Support		
Application Fees	\$ 1,500	\$ 500
Bank Account Interest Income	2,552	2,074
Board Dues	8,350	7,600
Donations and Miscellaneous	8,466	4,640
Fundraising Events	74,530	43,695
Government Grants	2,102,165	22,500
Loan Program Interest	114,013	113,382
Other Grants	114,500	87,500
Housing Land Trust Donations	5,000	-
Contribution Income	7,500	8,460
Documentation Fees	1,000	500
PPP Loan Forgiveness (See Note 5)	20,832	-
Loan Origination Fee	16,000	20,000
Underwriting	1,500	750
	<hr/>	<hr/>
Total Revenue and Other Support	2,477,908	311,600
Expenditures- Schedule A		
Program Services	421,027	353,400
Fundraising	93,868	52,397
	<hr/>	<hr/>
Total Expenditures	514,896	405,798
	<hr/>	<hr/>
Increase/(Decrease) in Net Assets without Donor Restrictions	1,963,012	(94,197)
Net Assets with Donor Restrictions		
Grants and Contracts	224,200	202,400
	<hr/>	<hr/>
Change in Net Assets with Donor Restrictions	224,200	202,400
	<hr/>	<hr/>
Net Increase in Net Assets	2,187,212	108,203
Net Assets, Beginning of the Year	3,736,176	3,627,973
	<hr/>	<hr/>
Net Assets, End of the Year	<u>\$ 5,923,389</u>	<u>\$ 3,736,176</u>

Housing Trust Fund Ventura County
Statements of Cash Flows

For the Years Ended December 31,	2021	2020
Cash Flows From Operating Activities		
Increase/ (Decrease) in Net Assets	\$ 2,187,212	\$ 108,203
Depreciation Expense	1,258	315.00
Loans Receivable	(1,725,000)	1,687,892
Pledges and Grants Receivable	-	30,000
Undeposited Funds	-	3,750
Accounts Payable and Accrued Liabilities	<u>3,994</u>	<u>4,085</u>
Net Cash Provided By (Used In) Operating Activities	467,464	1,834,244
Cash Flows From Investing Activities		
Purchase of Fixed Assets	-	(6,290)
Net Withdrawals from Restricted Use Accounts	(73,550)	(66,763)
Changes to Loans Pending Funding	<u>(3,042,018)</u>	<u>75,000</u>
Net Cash Provided By (Used In) Investing Activities	(3,115,568)	1,946
Cash Flows From Financing Activities		
Increase/ (Decrease) in PPP Loan Payable	(20,832)	
Increase/ (Decrease) in Notes Payable	<u>-</u>	<u>1,020,832</u>
Net Cash Provided By (Used In) Financing Activities	<u>(20,832)</u>	<u>1,020,832</u>
Net Increase in Cash and Cash Equivalents	(2,668,936)	2,857,023
Cash and Cash Equivalents at the Beginning of the Year	<u>3,840,429</u>	<u>983,407</u>
Cash and Cash Equivalents at End of the Year	<u><u>\$ 1,171,493</u></u>	<u><u>\$ 3,840,429</u></u>
Cash Paid for Income Taxes	<u><u>\$ -</u></u>	<u><u>\$ 35</u></u>
Cash Paid for Interest Expense	<u><u>\$ 76,384</u></u>	<u><u>\$ 51,158</u></u>

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

Notes to Financial Statement
December 31, 2021 and 2020

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:

- Net Assets without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations.
- Net Assets with Donor Restrictions – 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.

When a restriction expires, Net Assets with Donor Restrictions are reclassified to Net Assets without Donor Restrictions and reported in the statements of activities as net assets released from restrictions.

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.

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 Net Assets with Donor Restrictions in a correlated increase within that related net asset class.

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

Notes to Financial Statement
December 31, 2021 and 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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 \$7,500 and \$8,460 were made during the years ended December 31, 2021 and 2020.

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, 2021.

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).

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

Notes to Financial Statement
December 31, 2021 and 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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 March 2, 2022, the date of the financial statements. It was noted that VCHTF plans to draw a \$1,000,000 line of credit from Bank of Sierra at the end of March for a predevelopment loan.

NOTE 2 – LOANS RECEIVABLE

The composition of loans receivable is as follows:

	2021	2020
Community Development Partners	\$ 800,000	\$ -
Ventura Veterans LP	800,000	-
Central Terrace	1,000,000	1,000,000
Aspire Apartments	250,000	125,000
Cypress Loan	850,000	850,000
	<hr/>	<hr/>
Total Loans Receivable	<u>\$3,700,000</u>	<u>\$1,975,000</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.

Housing Trust Fund Ventura County
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statement
December 31, 2021 and 2020

NOTE 3 – RESTRICTED CASH (Cont.)

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, 2021, the Loan Loss Reserve and Operating Reserve had been properly funded.

Loans Pending Funding

The Loans Pending Funding account consists of a \$1,554,518 loan designated for the Rancho Sierra project in June of 2022 and \$1,612,500 for the Westview II project in April of 2022.

NOTE 4 – LIQUIDITY AND AVAILABILITY OF RESOURCES

HTFVC has \$5,923,389 of financial assets available as of December 31, 2021 to meet cash needs for general expenditures consisting entirely of cash and cash equivalents. \$3,552,885 of these assets are subject to donor restrictions that make them unavailable for general expenditures within one year of the financial position. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

NOTE 5 – PAYCHECK PROTECTION PROGRAM

On April 28, 2020, HTFVC received a fully refundable Paycheck Protection Program (PPP) loan of \$20,832 through the Small Business Administration. This amount and accrued interest are entirely forgivable if payroll requirements are met. These requirements were met by HTFVC and the \$20,832 loan balance and \$252 of accrued interest were forgiven on July 21, 2021.

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

Notes to Financial Statement
December 31, 2021 and 2020

NOTE 6 – LOANS PAYABLE

The following represent loans from charities and private organizations made to HTFVC in order to fund its programs. As of December 31, 2021, 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. \$ 250,000

Pacific Western Bank Loan: \$1,000,000, 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. 1,000,000

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, 2021 and 2020

NOTE 6 – LOANS PAYABLE (Cont.)

City National Bank LOC: \$1,000,000, unsecured loan, bearing interest at a rate of 3.00% per annum. Simple interest only is payable monthly. The principal and unpaid interest are originally due on February 08, 2024.

1,000,000

Total loans payable

\$ 2,500,000

Housing Trust Fund Ventura County
Schedule A: Functional Expenditures
For the Year Ended December 31, 2021

Expenditures	Program Services	Fundraising	Total Expenditures
Bank Service Charges	\$ 451	\$ -	\$ 451
Board Meeting Expense	542	-	542
Board Retreat	-	-	-
Bookkeeping	8,328	-	8,328
Depreciation	1,258	-	1,258
Director's Expenses	1,449	-	1,449
Director's Salary	111,713	12,413	124,125
Event Expense	-	25,369	25,369
Grant Consulting	13,506	-	13,506
Housing Land Trust	30,534	-	30,534
Insurance Premiums	6,904	-	6,904
Interest Expense	76,384	-	76,384
Lead America Fellow	22,801	-	22,801
Licenses and Fees	1,140	-	1,140
Marketing	74,529	18,497	93,027
Membership Dues/Subscription	3,213	-	3,213
Office Equipment/Supplies	4,247	-	4,247
Office Telephone/Internet	1,205	-	1,205
Office Administrator	22,024	33,035	55,059
Payroll Taxes	13,251	1,472	14,724
Personnel Expenses	7,624	-	7,624
Professional Fees	6,416	-	6,416
Rent	7,500	-	7,500
Travel	143	-	143
Website & IT	4,334	1,550	5,884
Workers Comp	1,532	1,532	3,064
Total Expenditures	\$ 421,027	\$ 93,868	\$ 514,896