

# *Housing Trust Fund Ventura County*

Audited Financial Statements

For the Years Ended December 31, 2022, and 2021

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Mitchell & Associates, APC

Certified

Public

Accountants

& Consultants

# ***Housing Trust Fund Ventura County***

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## 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, 2022 and 2021, 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, 2022 and 2021, 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.

### **Supplementary Information**

The Schedule of Functional Expenditures has been subjected to audit procedures performed in conjunction with the audit of Housing Trust Fund Ventura County's financial statements. The Schedule of Functional Expenditures is the responsibility of Housing Trust Fund Ventura County's management. Our audit procedures included determining whether the schedules reconcile to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the schedules. In forming our opinion on the Schedule of Functional Expenditures we evaluated whether the schedule, including its form and content, are presented in conformity with GAAS. In our opinion, the Schedule of Functional Expenditures are fairly stated, in all material respects, in relation to the financial statements as a whole.

*Mitchell & Associates, APC*

Camarillo, California

March 15, 2023

***Housing Trust Fund Ventura County***  
**Statements of Financial Position**

<b>For the Year Ended December 31,</b>	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 4,685,845	\$ 1,171,493
Accounts Receivable	8,219	-
Prepaid Expenditures	<u>1,535</u>	<u>-</u>
Total Current Assets	4,695,599	1,171,493
<b>Temporarily Restricted Cash</b>		
Restricted Use Account	685,048	224,200
Loan Loss Reserve	111,000	111,000
Operating Reserve	60,000	60,000
Loans Pending Funding	<u>1,930,975</u>	<u>3,167,018</u>
Total Temporarily Restricted Cash	2,787,023	3,562,218
<b>Other Assets</b>		
Loans Receivable	<u>8,925,000</u>	<u>3,700,000</u>
Total Other Assets	<u>8,925,000</u>	<u>3,700,000</u>
<b>Property and Equipment, Net</b>	<u>885,459</u>	<u>4,717</u>
<b>Total Assets</b>	<u><u>\$ 17,293,082</u></u>	<u><u>\$ 8,438,429</u></u>

***Housing Trust Fund Ventura County***  
**Statements of Financial Position**

<b>For the Year Ended December 31,</b>	<b>2022</b>	<b>2021</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ -	\$ 8,977
Payroll Liabilities	-	6,064
	<hr/>	<hr/>
Total Current Liabilities	-	15,041
	<hr/>	<hr/>
<b>Long-Term Liabilities</b>		
Notes Payable	6,001,886	2,500,000
	<hr/>	<hr/>
Total Long-Term Liabilities	6,001,886	2,500,000
	<hr/>	<hr/>
<b>Net Assets</b>		
Net Assets with Donor Restrictions	4,010,514	3,552,885
Net Assets without Donor Restrictions	7,280,682	2,370,503
	<hr/>	<hr/>
Total Net Assets	11,291,196	5,923,388
	<hr/>	<hr/>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 17,293,082</u></u>	<u><u>\$ 8,438,429</u></u>

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

<b>For the Year Ended December 31,</b>	<b>2022</b>	<b>2021</b>
<b>Revenue and Other Support</b>		
Application Fees	\$ 1,500	\$ 1,500
Bank Account Interest Income	9,801	2,552
Board Dues	8,000	8,350
Donations and Miscellaneous	901,724	8,466
Fundraising Events	118,083	74,530
Government Grants	232,930	2,102,165
Loan Program Interest	248,892	114,013
Other Grants	30,000	114,500
Housing Land Trust Donations	28,000	5,000
Contribution Income	7,500	7,500
Documentation Fees	1,000	1,000
PPP Loan Forgiveness	-	20,832
Loan Origination Fee	92,750	16,000
Underwriting	2,250	1,500
	<hr/>	<hr/>
Total Revenue and Other Support	1,682,430	2,477,908
<b>Expenditures- Schedule A</b>		
Program Services	594,229	421,027
Fundraising	103,587	93,868
	<hr/>	<hr/>
Total Expenditures	697,816	514,896
	<hr/>	<hr/>
<b>Increase/(Decrease) in Net Assets without Donor Restrictions</b>	984,614	1,963,012
<b>Net Assets with Donor Restrictions</b>		
Grants and Contracts	4,383,194	224,200
	<hr/>	<hr/>
Change in Net Assets with Donor Restrictions	4,383,194	224,200
	<hr/>	<hr/>
<b>Net Increase in Net Assets</b>	5,367,808	2,187,212
<b>Net Assets, Beginning of the Year</b>	5,923,389	3,736,176
	<hr/>	<hr/>
<b>Net Assets, End of the Year</b>	\$ 11,291,196	\$ 5,923,389
	<hr/>	<hr/>

***Housing Trust Fund Ventura County***  
**Statements of Cash Flows**

<b>For the Years Ended December 31,</b>	<b>2022</b>	<b>2021</b>
<b>Cash Flows From Operating Activities</b>		
Increase/ (Decrease) in Net Assets	\$ 5,367,808	\$ 2,187,212
Depreciation Expense	1,258	1,258
Loans Receivable	(5,225,000)	(1,725,000)
Accounts Receivable	(8,219)	-
Prepaid Expenditures	(1,535)	-
Accounts Payable and Accrued Liabilities	<u>(15,041)</u>	<u>3,994</u>
Net Cash Provided By (Used In) Operating Activities	119,271	467,464
<b>Cash Flows From Investing Activities</b>		
Purchase of Fixed Assets	(882,000)	-
Net Withdrawals from Restricted Use Accounts	(460,848)	(73,550)
Changes to Loans Pending Funding	<u>1,236,043</u>	<u>(3,042,018)</u>
Net Cash Provided By (Used In) Investing Activities	(106,805)	(3,115,568)
<b>Cash Flows From Financing Activities</b>		
Increase/ (Decrease) in PPP Loan Payable	-	(20,832)
Increase/ (Decrease) in Notes Payable	<u>3,501,886</u>	<u>-</u>
Net Cash Provided By (Used In) Financing Activities	<u>3,501,886</u>	<u>(20,832)</u>
Net Increase in Cash and Cash Equivalents	3,514,352	(2,668,936)
Cash and Cash Equivalents at the Beginning of the Year	<u>1,171,493</u>	<u>3,840,429</u>
<b>Cash and Cash Equivalents at End of the Year</b>	<u><u>\$ 4,685,845</u></u>	<u><u>\$ 1,171,493</u></u>
Cash Paid for Income Taxes	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Cash Paid for Interest Expense	<u><u>\$ 135,061</u></u>	<u><u>\$ 76,384</u></u>



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

Notes to Financial Statement  
December 31, 2022, and 2021

**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, 2022, and 2021

**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 \$889,500 and \$7,500 were made during the years ended December 31, 2022, and 2021.

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, 2022.

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, 2022, and 2021

**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 15, 2023, the date of the financial statements. No such events were noted.

Property and Equipment

Fixed assets are recorded at cost. Major renewals and improvements are capitalized, while replacements, maintenance, and repairs, which do not materially extend the useful lives of the assets, are expensed. Upon sale or retirement of fixed assets, the cost and related accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss is recorded.

On December 31, 2022, and 2021, the composition of Property and Equipment was as follows:

Property and Equipment	<u><b>2022</b></u>	<u><b>2021</b></u>
Computers	\$ 6,290	\$ 6,290
Property – 241 W 2 <sup>nd</sup> Street	882,000	-
Less: Accumulated Depreciation	<u>(2,831)</u>	<u>(1,573)</u>
Property and Equipment, Net of Depreciation	<u><u>\$885,459</u></u>	<u><u>\$ 4,717</u></u>

On April 7, 2022, the City of Oxnard donated the property and land located at 241 W 2nd Street Oxnard, CA to the HTFVC. The building located on the property was demolished and HTFVC has contracted with a developer to build a homeless solution center and transitional housing units.

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

Notes to Financial Statement  
December 31, 2022, and 2021

**NOTE 2 – LOANS RECEIVABLE**

The composition of loans receivable is as follows:

	<b>2022</b>	<b>2021</b>
Community Development Partners	\$ -	\$ 800,000
Ventura Veterans LP	-	800,000
Central Terrace	-	1,000,000
Aspire Apartments	250,000	250,000
Cypress Loan	850,000	850,000
Aspire	1,100,000	-
Fillmore Terrace	1,000,000	-
Rancho Sierra	2,500,000	-
Westview II	3,225,000	-
Total Loans Receivable	<u>\$8,925,000</u>	<u>\$3,700,000</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, 2022, the Loan Loss Reserve and Operating Reserve had been properly funded.

Loans Pending Funding

The Loans Pending Funding account consisted 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 for the year ended December 31, 2021. It consisted of \$1,930,975 designated for the Rancho Sierra Project in March of 2022 for the year ended December 31, 2022.

***Housing Trust Fund Ventura County***  
**(A California Nonprofit Public Benefit Corporation)**  
Notes to Financial Statement  
December 31, 2022, and 2021

**NOTE 4 – LIQUIDITY AND AVAILABILITY OF RESOURCES**

HTFVC has \$7,482,623 of financial assets available as of December 31, 2022 to meet cash needs for general expenditures consisting entirely of cash and cash equivalents. \$2,787,023 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– LOANS PAYABLE**

The following represent loans from charities and private organizations made to HTFVC in order to fund its programs. As of December 31, 2022, 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 were originally due on November 27, 2022. A modification option to extend the maturity through November 27, 2027, was exercised. 1,000,000

**Rabobank, N.A. (EQ2 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, 2022, and 2021

**NOTE 5 – 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

**Bank of the Sierra LOC:** \$1,000,000, unsecured loan, bearing interest at a rate of 2.5% per annum. Simple interest only is payable monthly. The principal and unpaid interest are originally due on November 2, 2026. 1,000,000

**CBC Federal Credit Union Loan:** \$250,000, CIN loan, bearing interest at a rate of 2.75% per annum. Simple interest only is payable monthly. The ten-year loan is being amortized over a period of 30 years. 245,137

**Community West Bank- LOC:** \$1,000,000 , unsecured loan, bearing interest at a rate of 2.50% per annum. Simple interest only is payable monthly. The principal and unpaid interest are originally due on March 8, 2027. 756,749

**Mission 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 March 5, 2027. 1,000,000

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

Notes to Financial Statement  
December 31, 2022, and 2021

**US Bank EQ2 Loan:** \$500,000,  
unsecured loan, bearing interest at a rate  
of 2.75% per annum. Simple interest  
only is payable monthly. The principal  
and unpaid interest are originally due on  
September 9, 2025.

500,000

**Total loans payable**

\$ 6,001,886

***Housing Trust Fund Ventura County***  
**Schedule A: Functional Expenditures**  
**For the Year Ended December 31, 2022**

<b>Expenditures</b>	<b>Program Services</b>	<b>Fundraising</b>	<b>Total Expenditures</b>
Bank Service Charges	\$ 1,217	\$ -	\$ 1,217
Board Meeting Expense	197	-	197
Board Retreat	3,581	-	3,581
Bookkeeping	16,556	-	16,556
Depreciation	1,258	-	1,258
Director's Expenses	1,812	-	1,812
Director's Salary	117,475	13,053	130,528
Donation	1,718	-	1,718
Event Expense	-	52,224	52,224
Housing Land Trust	21,338	-	21,338
Insurance Premiums	7,253	-	7,253
Interest Expense	135,061	-	135,061
Licenses and Fees	225	-	225
Marketing	79,458	19,729	99,187
Membership Dues/Subscription	3,439	-	3,439
Office Equipment/Supplies	1,826	-	1,826
Office Telephone/Internet	1,407	-	1,407
Office Administrator	43,209	14,403	57,612
Payroll Taxes	20,573	2,286	22,859
Personnel Expenses	108,915	-	108,915
Professional Fees	6,487	-	6,487
Rent	7,500	-	7,500
Travel	2,387	-	2,387
Website & IT	9,455	10	9,465
Workers Comp	1,882	1,882	3,764
<b>Total Expenditures</b>	<b>\$ 594,229</b>	<b>\$ 103,587</b>	<b>\$ 697,816</b>