

*San Luis Obispo County Housing Trust Fund*

*Financial Statements*

*December 31, 2015*

## *C O N T E N T S*

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**Independent Auditors' Report on the Financial Statements**

To the Board of Directors  
San Luis Obispo County Housing Trust Fund  
San Luis Obispo, California

We have audited the accompanying financial statements of the San Luis Obispo County Housing Trust Fund ("the Organization"), a non-profit organization, which comprise the statement of financial position as of December 31, 2015, and the related statement of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

***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.

***Auditors' 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.



*Independent Auditors' Report - Continued*

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the San Luis Obispo County Housing Trust Fund, as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Caliber Audit & Attest, LLP*

San Luis Obispo, California  
June 14, 2016

*San Luis Obispo County Housing Trust Fund*

*Statement of Financial Position  
December 31, 2015*

**ASSETS**

**Current Assets**

|                                   |                  |
|-----------------------------------|------------------|
| Cash                              | \$ 2,135,112     |
| Accounts receivable               | 1,258            |
| Interest receivable               | 30,394           |
| Prepaid expenses                  | 6,365            |
| Notes receivable, current portion | 1,712,093        |
| Total current assets              | <u>3,885,222</u> |

**Long-term notes receivable**

5,396,642

Total assets

\$ 9,281,864

**LIABILITIES AND NET ASSETS**

**Current Liabilities**

|                                     |                |
|-------------------------------------|----------------|
| Accounts payable                    | \$ 3,758       |
| Accrued payroll liabilities         | 6,616          |
| Accrued interest payable            | 1,625          |
| Accrued vacation payable            | 14,178         |
| Current maturities of notes payable | 950,000        |
| Total current liabilities           | <u>976,177</u> |

**Long-term Liabilities**

|  |                  |
|--|------------------|
| Notes payable, less current maturities | <u>2,700,000</u> |
|--|------------------|

Total liabilities

3,676,177

**Commitments and Contingencies**

**Net Assets**

|                        |                  |
|------------------------|------------------|
| Unrestricted           | 4,276,991        |
| Temporarily restricted | 1,100,000        |
| Permanently restricted | 228,696          |
| Total net assets       | <u>5,605,687</u> |

Total liabilities and net assets

\$ 9,281,864

*See Notes to Financial Statements.*

*San Luis Obispo County Housing Trust Fund*

*Statement of Activities and Changes in Net Assets  
Year Ended December 31, 2015*

|   | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total</u>        |
|---|---------------------|-----------------------------------|-----------------------------------|---------------------|
| <b><i>Public Support and Revenue:</i></b> |                     |                                   |                                   |                     |
| <i>Public support:</i>                    |                     |                                   |                                   |                     |
| Grants                                    | \$ 797              | \$ -                              | \$ -                              | \$ 797              |
| Contributions                             | 58,011              | -                                 | 5,150                             | 63,161              |
| Fee income                                | 365                 | -                                 | -                                 | 365                 |
| Interest income - program                 | 321,546             | -                                 | -                                 | 321,546             |
| Interest income - investment              | 6,295               | -                                 | -                                 | 6,295               |
| Total public support and revenue          | <u>387,014</u>      | <u>-</u>                          | <u>5,150</u>                      | <u>392,164</u>      |
| Net assets released from restrictions     | <u>2,100,000</u>    | <u>(2,100,000)</u>                | <u>-</u>                          | <u>-</u>            |
| Total public support and revenues         | <u>2,487,014</u>    | <u>(2,100,000)</u>                | <u>5,150</u>                      | <u>392,164</u>      |
| <b><i>Functional Expenses:</i></b>        |                     |                                   |                                   |                     |
| Program services                          | 228,025             | -                                 | -                                 | 228,025             |
| Management and general                    | 43,278              | -                                 | -                                 | 43,278              |
| Fundraising                               | 10,903              | -                                 | -                                 | 10,903              |
| Total functional expenses                 | <u>282,206</u>      | <u>-</u>                          | <u>-</u>                          | <u>282,206</u>      |
| Change in net assets                      | 2,204,808           | (2,100,000)                       | 5,150                             | 109,958             |
| Net assets - beginning of year            | <u>2,072,183</u>    | <u>3,200,000</u>                  | <u>223,546</u>                    | <u>5,495,729</u>    |
| Net assets - end of year                  | <u>\$ 4,276,991</u> | <u>\$ 1,100,000</u>               | <u>\$ 228,696</u>                 | <u>\$ 5,605,687</u> |

*See Notes to Financial Statements.*

**San Luis Obispo County Housing Trust Fund**

**Statement of Functional Expenses  
Year Ended December 31, 2015**

|                               | <u>Supporting Services</u>  |                                   |                    | <u>Total</u>      |
|-------------------------------|-----------------------------|-----------------------------------|--------------------|-------------------|
|                               | <u>Program<br/>Services</u> | <u>Management<br/>and General</u> | <u>Fundraising</u> |                   |
| Personnel costs:              |                             |                                   |                    |                   |
| Salaries and wages            | \$ 129,232                  | \$ 15,204                         | \$ 7,602           | \$ 152,038        |
| Payroll taxes and benefits    | 29,973                      | 3,526                             | 1,763              | 35,262            |
| Total personnel costs         | <u>159,205</u>              | <u>18,730</u>                     | <u>9,365</u>       | <u>187,300</u>    |
| Occupancy                     | 13,042                      | 1,534                             | 767                | 15,343            |
| Training and meetings         | 1,298                       | 153                               | 76                 | 1,527             |
| Accounting and legal          | 6,669                       | 20,006                            | -                  | 26,675            |
| Automobile and travel expense | 2,514                       | 296                               | 148                | 2,958             |
| Professional services         | 488                         | 1,463                             | -                  | 1,950             |
| Office expense                | 2,434                       | 286                               | 143                | 2,864             |
| Printing and postage          | 40                          | 5                                 | 2                  | 47                |
| Insurance                     | 4,003                       | 472                               | 235                | 4,710             |
| Interest                      | 35,500                      | -                                 | -                  | 35,500            |
| Telephone and communications  | 1,377                       | 162                               | 81                 | 1,620             |
| Miscellaneous                 | 180                         | 21                                | 11                 | 212               |
| Dues and subscriptions        | 1,275                       | 150                               | 75                 | 1,500             |
| Total non-personnel costs     | <u>68,820</u>               | <u>24,548</u>                     | <u>1,538</u>       | <u>94,906</u>     |
| Total functional expenses     | <u>\$ 228,025</u>           | <u>\$ 43,278</u>                  | <u>\$ 10,903</u>   | <u>\$ 282,206</u> |

*See Notes to Financial Statements.*

*San Luis Obispo County Housing Trust Fund*

*Statement of Cash Flows  
Year Ended December 31, 2015*

***Cash flows from operating activities:***

Change in net assets \$ 109,958

***Adjustments to reconcile the change in net assets to net cash used in operating activities:***

***Changes in operating assets and liabilities:***

Accounts receivable (953)  
Interest receivable (11,297)  
Prepaid expenses 4,983  
Notes receivable (663,784)  
Accounts payable (1,807)  
Accrued payroll liabilities 68  
Accrued interest payable (4,039)  
Accrued vacation payable (2,397)

Net cash used in operating activities (569,268)

***Cash flows from financing activities:***

Proceeds from notes payable 1,950,000  
Payments on notes payable (250,000)

Net cash provided by financing activities 1,700,000

***Net increase in cash and cash equivalents*** 1,130,732

***Cash and cash equivalents, beginning of year*** 1,004,380

***Cash and cash equivalents, end of year*** \$ 2,135,112

***Supplementary disclosures of cash flow information:***

Interest paid \$ 39,539

*See Notes to Financial Statements.*

***San Luis Obispo County Housing Trust Fund***

***Notes to Financial Statements***

***Note 1. Operations and Summary of Significant Accounting Policies***

***Nature of operations:***

The San Luis Obispo County Housing Trust Fund (“the Organization”) is a California non-profit, non-stock, public benefit corporation incorporated in 2003, under the laws of the State of California. The mission of the Organization is to increase the supply of affordable housing for very low, low, and moderate income residents of San Luis Obispo County, including households with special needs. Rather than directly develop or manage affordable housing, the Organization provides financing and technical assistance to private developers, non-profit corporations and local governments, to support the creation and preservation of affordable housing.

The Organization is governed by an elected board of directors and officers responsible for the development of policies. The Executive Director and staff conduct the Organization’s activities in accordance with board-established policy.

***Basis of accounting:***

The financial statements are presented on an accrual basis, which recognizes income when earned, and expenses when incurred.

***Financial statement presentation:***

To ensure the observance of limitations and restrictions placed on the use of resources, the accounts of the Organization are maintained in accordance with the principles of fund accounting. The Organization has presented its financial statements in accordance with generally accepted accounting principles for not-for profit organizations. Under this guidance, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The Organization reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restriction.

A summary of the net asset categories included in the accompanying financial statements is as follows:

***Unrestricted Net Assets:*** Unrestricted amounts represent all net assets that are not subject to donor-imposed stipulations. They may be designated for specific purposes or locations by action of the Board of Directors. Contributions with donor-imposed restrictions that are met during the same year as the contribution is made are included in unrestricted support that increases unrestricted net assets.

*San Luis Obispo County Housing Trust Fund*

*Notes to Financial Statements*

***Temporarily Restricted Net Assets:*** Temporarily restricted amounts represent deferred contributions that are subject to donor-imposed restrictions, either for a specific purpose or subject to the passage of time. When the restriction expires, the net assets of this fund are reclassified to unrestricted net assets.

***Permanently Restricted Net Assets:*** Permanently restricted amounts represent those assets subject to donor-imposed restrictions that must be maintained permanently by the Organization. Generally, these donor-imposed restrictions require the gift be invested or used to provide housing loans in perpetuity and the donors of these assets only permit the Organization to use all or part of the income earned on related investments for general operations or specific purposes.

***Public support and revenue:***

All public support and revenue is considered to be available for unrestricted use unless specifically restricted by the donor or the terms of a grant. Revenue from public support is recognized at the time an unconditional promise to give or transfer of assets is made. Revenues from program fees are recognized over the terms of the program and the period of service provided. Grants from governmental and business entities are recognized as revenue in the period resources are actually received, and become available for the intended program activities.

***Donated services and assets:***

The Organization receives donations of time and services from members of the community and volunteers related to program operations and fund-raising campaigns. The value of these donated services is not recorded in the financial statements since no objective basis is available to measure the value of these services.

In-kind donations of fixed assets and supplies used directly by the Organization are valued at their estimated fair values at the time of the donation. Such amounts totaled \$797, for the year ended December 31, 2015.

***Use of estimates:***

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

***Cash and cash equivalents:***

The Organization considers cash equivalents to be all short-term securities purchased with a maturity of three months or less.

*San Luis Obispo County Housing Trust Fund*

*Notes to Financial Statements*

The Organization maintains cash balances with financial institutions located in California. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) and the National Credit Union Administration (NCUA), with limits of up to \$250,000 of the Organization's combined accounts per financial institution. One of the Credit Unions utilized by the Organization, Coast Hills Federal Credit Union, provides additional insurance coverage of up to \$250,000 on only the specific qualifying amounts that exceed the maximum level of coverage provided by the NCUA. As of December 31, 2015, the excess in deposits over these insurance limits and supplemental insurance offered by one bank was \$1,091,488.

***Notes receivable:***

Notes receivable are carried at unpaid principal balances, net of any allowance for note losses. Management's periodic evaluation of the adequacy of the allowance is based on past loan experience. Currently, management has determined that an allowance for doubtful accounts would be immaterial based on the Organization's credit policies, prior collection experience, and current economic conditions however the Organization has established a board designated reserve of net assets of \$250,000 for potential loan losses as of December 31, 2015. Loans are considered impaired if full principal or interest payments are not anticipated in accordance with the contractual terms. The Organization's practice would be to charge off any note or portion of a note when the loan is determined by management to be uncollectible due to the borrower's failure to meet repayment terms, the borrower's deteriorating financial condition, or for other reasons.

Interest on the notes receivable is recognized over the term of the note and is calculated using the contractual interest rates indicated on each note on principal amounts outstanding. The Organization has determined that an uncollectible allowance for interest receivable at December 31, 2015 is not required, however the Organization has established a board designated reserve of net assets of \$250,000 for potential loan losses as of December 31, 2015.

***Income tax status:***

The Organization's activities are generally exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Franchise Tax Code. Since the Organization is exempt from federal and state income tax liability, no provision is made for current or deferred income tax expense. The Organization is not a private foundation. Management is not aware of any transactions that would impact the Organization's tax-exempt status.

For the year ended December 31, 2015, management of the Organization is not aware of any material uncertain tax positions to be accounted for in the financial statements under the principles of the *Income Taxes* topic of the FASB (*ASC*). The Organization recognizes interest and penalties, if any, related to unrecognized tax benefits in interest expense.

*San Luis Obispo County Housing Trust Fund*

*Notes to Financial Statements*

All tax exempt entities are subject to review and audit by federal, state and other applicable agencies. Such agencies may review the taxability of unrelated business income, or the qualification of the tax-exempt entity under the Internal Revenue Code and applicable state statutes. With few exceptions, the Organization is no longer subject to U.S. federal income tax examinations for years before 2012 or state income tax examinations for years before 2011.

***Functional expense allocations:***

Expenses that can be identified with a specific program or supporting service are charged directly to the program or supporting service. Expenses which apply to more than one functional category have been allocated based on estimates made by management.

***Advertising:***

The Organization expenses advertising costs as incurred. There was no advertising expense for the year ended December 31, 2015.

***Note 2. Notes Receivable***

Notes receivable consist of the following at December 31, 2015:

|   |    |         |
|---|----|---------|
| Loan #5001, collateralized by deed of trust, with a fixed interest rate of 4.25%, payable in monthly installments of principal and interest at \$1,511, with the final payment due July 2025.   | \$ | 149,619 |
| Loan #5005, collateralized by deed of trust, with a fixed interest rate of 4.50%, interest payable monthly, with principal due August 2016.   |    | 285,000 |
| Loan #5013, collateralized by deed of trust, with a fixed interest rate of 5.50% payable monthly, payable in 179 monthly installments of principal and interest at \$1,990, with one final payment estimated at \$244,243 due July 2027 |    | 329,849 |

*San Luis Obispo County Housing Trust Fund*

*Notes to Financial Statements*

|  |    |         |
|--|----|---------|
| Loan #5014, collateralized by deed of trust, with a fixed interest rate of 4.00%, payable in a final installment of principal and interest due December 2031.  | \$ | 359,968 |
| Loan #5015, collateralized by deed of trust, with a fixed interest rate of 5.50% payable monthly, payable in 179 monthly installments of principal and interest at \$2,287, with one final payment estimated at \$399,211 due May 2018.  |    | 404,687 |
| Loan #5016, collateralized by deed of trust, with a fixed interest rate of 5.00%, payable in one installment of principal and interest, due December 2017.   |    | 203,202 |
| Loan #5017, collateralized by deed of trust, with a fixed interest rate of 5.00%, interest payable monthly, with principal due September 2017.   |    | 80,327  |
| Loan #5018, collateralized by deed of trust, with a fixed interest rate of 5.00%, payments of principal and interest deferred until the earlier of 1) the sale of individual lots that are secured by the deed of trust or 2) the maturity date; upon sale of each lot, borrower will pay the principal amount of \$25,000 plus accrued interest, maturity date is September 4, 2016 |    | 666,083 |
| Loan #5020, collateralized by deed of trust, with a fixed interest rate of 5.50% payable monthly, payable in 179 monthly installments of principal and interest at \$852, with one final payment estimated at \$104,700 due May 2029.  |    | 146,939 |

*San Luis Obispo County Housing Trust Fund*

*Notes to Financial Statements*

|  |           |
|--|-----------|
| Loan #5021, unsecured, with a fixed interest rate of 0.00%, principal payable in monthly installments of \$500, with final payment due September 2021.   | \$ 22,638 |
| Loan #5023, collateralized by deed of trust, with a fixed interest rate of 4.50%, payable in one installment of principal and interest, due June 2022.   | 431,769   |
| Loan #5024, collateralized by deed of trust, with a fixed interest rate of 6.50%, payable in one installment of principal and interest, due April 2016.  | 498,650   |
| Loan #5024B, collateralized by deed of trust, with a fixed interest rate of 6.50%, payable in one installment of principal and interest, due April 2016.   | 221,695   |
| Loan #5025, collateralized by deed of trust, with a fixed interest rate of 5.50% payable in 92 monthly installments of principal and interest at \$2,500, with one final payment estimated at \$330,866 due August 1, 2022.  | 395,131   |
| Loan #5029, collateralized by deed of trust, with a fixed interest rate of 4.75%, interest payable monthly, payments of principal deferred until the earlier of 1) the sale of individual lots that are secured by the deed of trust or 2) the maturity date; upon sale of each lot, borrower will pay the principal amount of \$35,000 plus accrued interest, maturity date is December 30, 2019. | 1,871,000 |
| Loan #5030, collateralized by deed of trust, with a fixed interest rate of 2.5% payable monthly, payable in 115 monthly installments of principal and interest at \$500 beginning October, 2016, with one final payment estimated at \$205 due May 2026  | 42,177    |

**San Luis Obispo County Housing Trust Fund**

**Notes to Financial Statements**

|   |                 |
|---|-----------------|
| Loan #5031, 1/3 Participant in underlying \$3,000,000 note issued by Coast National bank, collateralized by deed of trust, with a fixed interest rate of 5.7%, payable monthly, payable in 119 monthly installments of principal and interest at \$18,934, with one final payment estimated at \$2,292,435 due April 2027 | \$ 1,000,000    |
|   | <hr/> 7,108,734 |
| Less current maturities   | 1,712,092       |
|   | <hr/>           |
| Total notes payable, less current maturities  | \$ 5,396,642    |
|   | <hr/> <hr/>     |

Aggregate maturities of notes receivable at December 31, 2015, are as follows:

| <b><u>Years Ending<br/>December 31,</u></b> |                    |
|---|--------------------|
| 2016  | \$ 1,699,303       |
| 2017  | 328,271            |
| 2018  | 444,031            |
| 2019  | 1,923,477          |
| 2020  | 48,942             |
| Thereafter                                  | 2,664,710          |
|   | <hr/> \$ 7,108,734 |
|   | <hr/> <hr/>        |

**Note 3. Lines of Credit**

During the year ended December 31, 2015, the Organization had a line of credit agreement with Heritage Oaks Bank (formerly Mission Community Bank). The line of credit allows for borrowings up to \$1,000,000 with a maturity date of February 20, 2019. Interest accrues at the Wall Street Journal Prime Rate (3.25% at December 31, 2015) less 1%. The line of credit is unsecured. There was no outstanding balance as of December 31, 2015.

*San Luis Obispo County Housing Trust Fund*

*Notes to Financial Statements*

**Note 4. Notes Payable**

Notes payable consists of the following at December 31, 2015:

|   |            |
|---|------------|
| Adrian Dominican Sisters, unsecured, with a fixed interest rate of 3.00% payable in quarterly installments of \$1,500, with the final payment of principal and accrued interest due February 2020.            | \$ 200,000 |
| Catholic Healthcare West, unsecured, with a fixed interest rate of 3.00% payable in quarterly installments of \$3,750, with the final payment of principal and accrued interest due March 2016.               | 500,000    |
| Founders Community Bank, unsecured, with an interest rate of 0.00%, with a maturity date of September 2020.   | 250,000    |
| Heritage Oaks Bank, unsecured, with an interest rate of 0.00%, with a maturity date of April 2020.  | 1,000,000  |
| The Erich & Hannah Sachs Foundation, unsecured, with a fixed interest rate of 3.00% payable in semi-annual installments of \$3,000, with the final payment of principal and accrued interest due March 2016.  | 200,000    |
| The Erich & Hannah Sachs Foundation, unsecured, with a fixed interest rate of 2.50% payable in semi-annual installments of \$1,250, with the final payment of principal and accrued interest due August 2016. | 100,000    |
| Sisters of St. Francis of Philadelphia, unsecured, with a fixed interest rate of 3.00% payable in semi-annual installments of \$250, with the final payment of principal and accrued interest due April 2016. | 50,000     |

**San Luis Obispo County Housing Trust Fund**

**Notes to Financial Statements**

|   |              |
|---|--------------|
| San Luis Obispo County Community Foundation, unsecured, with a fixed interest rate of 3.00% payable in quarterly installments of \$750, with the final payment of principal and accrued interest due December 2016. | \$ 100,000   |
| Rabobank N. A., unsecured, with an interest rate of 0.00%, with a maturity date of May 2020   | 500,000      |
| Rabobank N. A., unsecured, with an interest rate of 0.00%, with a maturity date of August 2019  | 500,000      |
| Pacific Western Bank, unsecured, with an interest rate of 0.00%, due August 2019.   | 250,000      |
|   | 3,650,000    |
| Less current maturities   | 950,000      |
| Total notes payable, less current maturities  | \$ 2,700,000 |

Aggregate maturities of notes payable at December 31, 2015, are as follows:

| <b><u>Years Ending<br/>December 31,</u></b> |              |
|---|--------------|
| 2016  | \$ 950,000   |
| 2017  | -            |
| 2018  | -            |
| 2019  | 750,000      |
| 2020  | 1,950,000    |
|   | \$ 3,650,000 |

**Note 5. Grant Requirements**

The Organization receives a number of grants from various local, state, and federal governmental agencies. These grants are subject to audit by the corresponding oversight agency as to allowable costs paid with governmental funds and as to the share of costs contributed by the Organization. The Organization could be liable for as much as the full amount of governmental funds expended for the year if, under audit, the oversight agency were to determine that all costs charged to the project were disallowed. Management believes it is unlikely that the various agencies would disallow a significant portion of the costs.

**San Luis Obispo County Housing Trust Fund**

**Notes to Financial Statements**

**Note 6. Commitments and Contingencies**

**Operating Leases:**

The Organization has a lease for its office facility, which is classified as an operating lease. The original term of the lease extend from January 1, 2014 through December 31, 2015 and was extended through December 31, 2016. The Organization shares the facility with another tenant, who also shares 50% of the cost of the monthly rent. Rent expense relating to this lease (net of the other tenant's 50%) was \$15,343 for the year ended December 31, 2015. Future minimum lease payments of 100% of the rental obligation under this lease agreement as of December 31, 2015 are as follows:

| <b><u>Years Ending</u></b><br><b><u>December 31,</u></b> |                  |
|--|------------------|
| 2016   | <u>\$ 26,232</u> |

**Note 7. Designations and Restrictions on Net Assets**

As of December 31, 2015, the Organization had designated the unrestricted net assets for the following:

|                                    |                     |
|------------------------------------|---------------------|
| Unrestricted Net Assets:           |                     |
| Designated for loan funds          | \$ 3,739,184        |
| Designated for loan losses reserve | 250,000             |
| Designated for operating reserve   | 160,000             |
| Undesignated                       | <u>127,807</u>      |
| Total unrestricted net assets      | <u>\$ 4,276,991</u> |

As of December 31, 2015, temporarily restricted net assets related to time and program donor restrictions are as follows:

|                                       |                     |
|---------------------------------------|---------------------|
| Temporarily restricted for loan funds | <u>\$ 1,100,000</u> |
|---------------------------------------|---------------------|

As of December 31, 2015, permanently restricted net assets consisted of the following:

|                                       |                   |
|---------------------------------------|-------------------|
| Permanently restricted for loan funds | <u>\$ 228,696</u> |
|---------------------------------------|-------------------|

**Note 8. Retirement Plan**

The Organization maintains a tax deferred savings plan covering all eligible employees. The plan includes a deferred arrangement under section 403(b) of the Internal Revenue Code. The elective contributions to the 403(b) portion of the plan are funded by salary reductions of the participants. The Organization did not make any contributions to the plan for the year ended December 31, 2015.

*San Luis Obispo County Housing Trust Fund*

*Notes to Financial Statements*

***Note 9. Subsequent Events***

The date to which events occurring after December 31, 2015 have been evaluated for possible adjustment to the financial statements or disclosure is June 14, 2016, which is the date on which the financial statements were available to be issued.