



**VENTURA LAND TRUST**  
**FINANCIAL STATEMENTS**  
December 31, 2020

**VENTURA LAND TRUST**  
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*D*AMITZ  
*B*ROOKS  
*N*IGHTINGALE  
*T*URNER  
*M*ORRISSET



## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Ventura Land Trust

We have audited the accompanying statements of Ventura Land Trust, which comprise the statement of financial position as of December 31, 2020 and the related statement of activities, 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.

### **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 auditor's 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 Ventura Land Trust as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Uncertainties**

As discussed in Note 19 to the financial statements, on March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The ultimate financial impact and duration of these events cannot be reasonably estimated at this time. Our opinion is not modified with respect to that matter.

### **Report on Summarized Comparative Information**

We have previously audited the financial statements of Ventura Land Trust as of December 31, 2019, and we expressed an unmodified audit opinion on those financial statements in our report dated January 13, 2021. In our opinion, the summarized comparative financial information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

DAMITZ, BROOKS, NIGHTINGALE, TURNER & MORRISSET

Damitz, Brooks, Nightingale,  
Turner & Morrisset  
December 15, 2021  
Santa Barbara, California

**VENTURA LAND TRUST**  
**Statement of Financial Position**  
December 31, 2020  
(With Summarized Information as of December 31, 2019)

<i>Assets</i>	Without Donor Restrictions	With Donor Restrictions	Total 2020	Total 2019
<b><i>Current Assets</i></b>				
Cash and cash equivalents	\$ 465,746	\$ 166,660	\$ 632,406	\$ 646,359
Pledges receivable	-	80,375	80,375	97,962
Program services revenue receivable	76,650	-	76,650	96,342
Property tax receivable	32,592	-	32,592	-
Property purchase funds in escrow	-	-	-	3,151,705
Prepaid expenses	21,575	-	21,575	-
Notes receivable	-	12,433	12,433	17,053
Deposits	590	-	590	590
<b><i>Total current assets</i></b>	<b>597,153</b>	<b>259,468</b>	<b>856,621</b>	<b>4,010,011</b>
<b><i>Other Assets</i></b>				
Investments	-	491,932	491,932	1,466,648
Pledge receivable, net, non-current	-	144,405	144,405	75,271
Note receivable, non-current	-	-	-	11,846
Beneficial interest in assets held by others	127,444	94,936	222,380	198,979
Property held for conservation purposes	10,219,436	-	10,219,436	323,533
Property and equipment, net	38,243	-	38,243	27,104
<b><i>Total other assets</i></b>	<b>10,385,123</b>	<b>731,273</b>	<b>11,116,396</b>	<b>2,103,381</b>
<b><i>Total assets</i></b>	<b>\$ 10,982,276</b>	<b>\$ 990,741</b>	<b>\$ 11,973,017</b>	<b>\$ 6,113,392</b>
<b><i>Liabilities and Net Assets</i></b>				
<b><i>Current Liabilities</i></b>				
Accounts payable	\$ 52,508	\$ -	\$ 52,508	\$ 8,157
Deferred revenue	49,194	-	49,194	-
Note payable	-	-	-	1,000,000
Accrued wages	38,675	-	38,675	28,112
<b><i>Total current liabilities</i></b>	<b>140,377</b>	<b>-</b>	<b>140,377</b>	<b>1,036,269</b>
<b><i>Long Term Liabilities</i></b>				
Note payable, net of debt issuance costs	1,770,008	-	1,770,008	-
<b><i>Total liabilities</i></b>	<b>1,910,385</b>	<b>-</b>	<b>1,910,385</b>	<b>1,036,269</b>
<b><i>Net Assets</i></b>				
Without donor restrictions	9,071,891	-	9,071,891	1,237,628
With donor restrictions	-	990,741	990,741	3,839,495
<b><i>Total net assets</i></b>	<b>9,071,891</b>	<b>990,741</b>	<b>10,062,632</b>	<b>5,077,123</b>
<b><i>Total liabilities and net assets</i></b>	<b>\$ 10,982,276</b>	<b>\$ 990,741</b>	<b>\$ 11,973,017</b>	<b>\$ 6,113,392</b>

**VENTURA LAND TRUST**  
**Statement of Activities**  
Year Ended December 31, 2020  
(With Summarized Information as of December 31, 2019)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2020</u>	<u>Total 2019</u>
<b><i>Support, Revenues, Gains and Losses</i></b>				
<b><i>Public Support</i></b>				
Contributions	\$ 266,041	\$ 1,452,060	\$ 1,718,101	\$ 3,645,445
In-kind contributions of goods and services	181,876	-	181,876	192,030
In-kind contribution of land	168,000	-	168,000	-
Grants	36,600	3,545,221	3,581,821	153,568
Paycheck Protection Program loan forgiveness	71,417	-	71,417	-
<b><i>Total public support</i></b>	<u>723,934</u>	<u>4,997,281</u>	<u>5,721,215</u>	<u>3,991,043</u>
<b><i>Revenues, Gains and Losses</i></b>				
Program services revenue	266,563	-	266,563	464,041
Events income	3,125	-	3,125	24,241
Education programs	165,260	-	165,260	-
Miscellaneous income	46	-	46	1,289
Merchandise:				
Merchandise sales	240	-	240	4,707
Merchandise costs	-	-	-	(5,163)
Net merchandise sales	<u>240</u>	<u>-</u>	<u>240</u>	<u>(456)</u>
Special events:				
Special events - gross proceeds	15,220	-	15,220	96,140
Direct special event costs	<u>(4,084)</u>	<u>-</u>	<u>(4,084)</u>	<u>(53,303)</u>
Net special events proceeds	<u>11,136</u>	<u>-</u>	<u>11,136</u>	<u>42,837</u>
Investment income (loss)	(4,342)	-	(4,342)	60,453
Utility rental income	93,504	-	93,504	-
Change in value of beneficial interest in assets held by others	12,228	11,272	23,500	29,456
Net assets released from restrictions	<u>7,857,307</u>	<u>(7,857,307)</u>	<u>-</u>	<u>-</u>
<b><i>Total revenues, gains and losses</i></b>	<u>8,405,067</u>	<u>(7,846,035)</u>	<u>559,032</u>	<u>621,861</u>
<b><i>Total support, revenues, gains and losses</i></b>	<u>9,129,001</u>	<u>(2,848,754)</u>	<u>6,280,247</u>	<u>4,612,904</u>
<b><i>Expenses</i></b>				
<b><i>Program Services</i></b>				
Program services	887,153	-	887,153	873,028
<b><i>Supporting Services</i></b>				
Management and general	253,750	-	253,750	178,073
Fundraising and membership	<u>153,835</u>	<u>-</u>	<u>153,835</u>	<u>91,444</u>
<b><i>Total supporting services</i></b>	<u>407,585</u>	<u>-</u>	<u>407,585</u>	<u>269,517</u>
<b><i>Total expenses</i></b>	<u>1,294,738</u>	<u>-</u>	<u>1,294,738</u>	<u>1,142,545</u>
<b><i>Increase (decrease) in net assets</i></b>	7,834,263	(2,848,754)	4,985,509	3,470,359
<b><i>Net assets, beginning of year</i></b>	<u>1,237,628</u>	<u>3,839,495</u>	<u>5,077,123</u>	<u>1,606,764</u>
<b><i>Net assets, end of year</i></b>	<u>\$ 9,071,891</u>	<u>\$ 990,741</u>	<u>\$ 10,062,632</u>	<u>\$ 5,077,123</u>

The accompanying notes are an integral part of these financial statements.

**VENTURA LAND TRUST**  
Statement of Functional Expenses  
Year Ended December 31, 2020  
(With Summarized Information as of December 31, 2019)

	Supporting Services			Total Supporting	Total 2020	Total 2019
	Program Services	Management and General	Fundraising and Membership			
<b>Salaries and wages</b>						
Salaries and wages	\$ 383,260	\$ 132,444	\$ 62,224	\$ 194,668	\$ 577,928	\$ 354,617
Payroll taxes	29,527	11,930	4,785	16,715	46,242	26,225
<b>Total salaries and wages by function</b>	<u>412,787</u>	<u>144,374</u>	<u>67,009</u>	<u>211,383</u>	<u>624,170</u>	<u>380,842</u>
Bank charges	-	69	13,347	13,416	13,416	2,320
Bookkeeping	-	43,160	-	43,160	43,160	42,337
Catering, rentals, and other event expenses	-	-	4,084	4,084	4,084	53,303
Depreciation	-	8,620	-	8,620	8,620	6,978
Dues and subscriptions	4,821	977	-	977	5,798	6,998
Education and training	13,050	519	-	519	13,569	34,886
Insurance	102	10,758	-	10,758	10,860	14,471
Interest	65,981	-	-	-	65,981	-
Land acquisition	192	-	-	-	192	17,656
Land maintenance	27,785	-	-	-	27,785	-
Legal fees	139,258	6,708	-	6,708	145,966	167,630
Miscellaneous	-	-	-	-	-	1,711
Occupancy	-	18,622	-	18,622	18,622	14,181
Office expenses	12,433	11,906	6,232	18,138	30,571	34,716
Payroll service fee	-	4,545	-	4,545	4,545	2,259
Permits, licenses & fees	304	219	75	294	598	7,183
Postage	-	446	347	793	793	1,507
Professional services	168,426	-	66,825	66,825	235,251	376,715
Property taxes	3,541	-	-	-	3,541	-
Supplies	38,473	-	-	-	38,473	28,644
Workers compensation insurance	-	2,827	-	2,827	2,827	1,511
<b>Total expenses by function</b>	<u>474,366</u>	<u>109,376</u>	<u>90,910</u>	<u>200,286</u>	<u>674,652</u>	<u>815,006</u>
<b>Less expenses included with revenues on the statement of activities</b>						
Event expenses	-	-	(4,084)	(4,084)	(4,084)	(14,471)
<b>Total expenses - 2020</b>	<u>\$ 887,153</u>	<u>\$ 253,750</u>	<u>\$ 153,835</u>	<u>\$ 407,585</u>	<u>\$ 1,294,738</u>	
<b>Total expenses - 2019</b>	<u>\$ 873,028</u>	<u>\$ 178,073</u>	<u>\$ 91,444</u>	<u>\$ 269,517</u>		<u>\$ 1,181,377</u>

The accompanying notes are an integral part of these financial statements.

**VENTURA LAND TRUST**  
**Statement of Cash Flows**  
Year Ended December 31, 2020  
(With Summarized Information for the Year Ended December 31, 2019)

	2020	2019
<b><i>Cash flows from operating activities</i></b>		
Increase in net assets	\$ 4,985,509	\$ 3,470,359
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities		
Depreciation	8,620	6,978
Net realized loss (gain) on investments	6,005	(72,801)
Net change in unrealized loss on investments	4,338	46,474
Unrealized gain on beneficial interest in assets held by others	(23,500)	(29,456)
Donated securities	(33,847)	(215,262)
Note payable forgiveness	(1,000,000)	-
Paycheck Protection Program loan forgiveness	(71,417)	-
Amortization of debt issuance costs	3,332	-
Decrease (increase) in:		
Pledges receivable	(51,547)	(113,233)
Prepaid expenses	(21,575)	-
Program services revenue receivable	19,692	(75,795)
Property tax receivable	(32,592)	-
Property purchase funds in escrow	3,151,705	(3,121,605)
Note receivable	16,466	13,233
Increase (decrease) in:		
Accounts payable	44,351	5,183
Accrued wages	10,563	4,574
Deferred revenue	49,194	-
<b><i>Net cash provided (used) by operating activities</i></b>	7,065,297	(81,351)
 <b><i>Cash flows from investing activities</i></b>		
Proceeds from sales of securities	999,999	483,370
Purchases of property held for conservation purposes	(9,895,903)	-
Purchase of equipment	(19,759)	(24,733)
Purchase of investments	(1,680)	-
<b><i>Net cash provided (used) by investing activities</i></b>	(8,917,343)	458,637
 <b><i>Cash flows from financing activities</i></b>		
Proceeds from note payable	2,214,537	-
Debt issuance costs	(33,324)	-
Principal payments on notes payable	(414,537)	-
Paycheck Protection Program loan	71,417	-
<b><i>Net cash provided by financing activities</i></b>	1,838,093	-
 Net increase (decrease) in cash and cash equivalents	(13,953)	377,286
 <b><i>Cash and cash equivalents, beginning of year</i></b>	646,359	269,073
 <b><i>Cash and cash equivalents, end of year</i></b>	\$ 632,406	\$ 646,359

The accompanying notes are an integral part of these financial statements.



**VENTURA LAND TRUST**  
**Notes to Financial Statements**  
December 31, 2020  
(With Summarized Comparative Totals for 2019)

**1. ORGANIZATION AND ACTIVITIES**

*Nature of Organization*

Ventura Land Trust (“VLT”), a California non-profit public benefit corporation, was established in 2003, originally as the Ventura Hillside Conservancy. The purpose of VLT is to preserve nature and provide public trail access to enhance the economy, quality of life, and public well-being of Ventura and surrounding communities. VLT works to protect the natural beauty of the area. VLT restores habitat, builds trails, plants trees, and cleans up rivers.

*Accreditation*

VLT is accredited by the Land Trust Accreditation Commission, an independent program of the Land Trust Alliance. This accreditation indicates the land trust has met national quality standards for protecting important natural places forever and communicates to the public that the accredited land trust has undergone an extensive, external review of the governance and management of its organization and the systems and policies it uses to protect land.

*Activities*

VLT acquires land and conservation easements by purchase and by donation. As of December 31, 2020, VLT owns and permanently protects 3,877 acres in Ventura County and stewards an additional 44 acres. Donated interests in lands, where the landowner wishes to be eligible for certain federal and state conservation tax benefits, are required to have an appraisal commissioned by the landowner, in accordance with U.S. Internal Revenue Code Section 170(f) (11). When used to substantiate a tax deduction or credit, landowner appraisals are subject to federal and state tax audit, including penalties for misstatement of values in the appraisal. Purchased land interests require an appraisal prepared for VLT to the standards of the federal, state or local funding agency or private foundation. VLT also engages in land stewardship and natural resource restoration projects, small and large scale, in collaboration with private landowners, public agencies and local community groups.

During the year ended December 31, 2020, VLT was actively involved in several land conservation, restoration, public access and education projects, including, but not limited to:

*Nature Preserves (Owned by VLT)*

Hayden Preserve - The Hayden Preserve is a 2.11-acre property located at the base of the Canada Larga valley just northeast of Highway 33. The property includes a stretch of Canada Larga Creek that feeds into the Ventura River, and presents an intact riparian habitat. Given the size of the Hayden Preserve and ongoing restoration efforts on the property, the preserve is only open to the public on organized volunteer days.

## 1. ORGANIZATION AND ACTIVITIES (Cont.)

### *Nature Preserves (Owned by VLT) (Cont.)*

Lockwood Park Preserve - Located in rural northeast Ventura County, roughly 15 miles west of Frazier Park, Lockwood Park Preserve is a .22-acre parcel of open pine forest. Given the seclusion of the preserve, it is not open to the public. In winter, Lockwood Park Preserve receives snowfall, and in the summer, it is very dry. Large pine trees are scattered across the property.

Willoughby Preserve - Located between the Main Street bridge and the 101 Freeway on the lower Ventura River, Willoughby Preserve is an 8.74-acre parcel composed of riparian habitat with public access trails spanning the property. Once dominated by *Arundo donax*, extensive restoration efforts have returned Willoughby Preserve to a mostly native habitat condition. Each year, VLT removes thousands of pounds of trash from the Lower Ventura River with Willoughby Preserve being the focal point for such efforts.

Harmon Canyon Preserve – In June 2020, VLT purchased land located in east Ventura with a fair value of \$5,724,325 that features 2,123.42 acres of intact coastal sage scrub habitat. The Harmon Barranca flows seasonally through the property and wildlife is abundant across the property. It is open to the public dawn to dusk, seven days a week for public access. At present time, there are roughly 10 miles of trails on the property, with more underway for hikers, mountain bikers, trail runners, and folks wishing to immerse themselves in nature.

Mariano Rancho – In January 2020, VLT purchased land comprising the hillside backdrop above downtown Ventura with a fair value of \$4,003,578. Mariano Rancho is 1,645 acres of heavily impacted coastal sage scrub, which, due to decades of prior cattle grazing, has been compromised to non-native grassland. Though purchased in January 2020, it is not yet open to the public. VLT is creating a public access plan and habitat restoration plan, with project implementation commencing over the next few years. Public access trails will be designed for multiple user groups.

Holser Canyon Preserve – In December 2020, VLT accepted a contribution of 80 acres of land with an approximate fair value of \$168,000. Located in the foothills southeast of Lake Piru, off Holser Canyon Road, which is home to at least seven gun ranges including the California Tactical Academy, the largest shooting range in Southern California. There are several small farms in the area, several active oil leases (none known on the subject site). Most of the area is dry vacant hills and canyons primarily composed of sage scrub habitat with some invasive species like black mustard and milk thistle.

## 1. ORGANIZATION AND ACTIVITIES (Cont.)

### *Nature Preserves (Owned by VLT) (Cont.)*

Big Rock - Comprises of 16.81 acres of riverfront properties located along the Ventura River in unincorporated Ventura County. The properties are located between the western river bank and the Ventura River Trail (pedestrian and bicycle path) located on the west side of Highway 33, near the North Ventura Avenue/ Highway 33 overpass. The assessor's parcel map for the properties identify the southern boundary as the "Bank of River as established by Ventura County March 1925. The properties are identified as:

1. Waldo Property: 0.725 acres
2. Moore Property: 0.35 acres
3. Bonsall Property: 15.37 acres
4. County Piano Key: 0.36 acres

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *Financial Statement Presentation*

Information regarding VLT's financial position and activities are based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of VLT. These net assets may be used at the discretion of management and the board of trustees.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of VLT or by the passage of time. Other donor restrictions are permanent in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction is met, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

### *Cash and Cash Equivalents*

For purposes of the statement of cash flows, cash and cash equivalents consists of cash on hand, cash in banks, cash in money market funds and certificates of deposit and exclude cash equivalents held for investment. VLT includes in cash equivalents certificates of deposit regardless of maturity date. Certificates of deposit are valued utilizing benchmark yields, reported trades or broker dealer quotes and are Level 2 (see *Fair Value Measurements* below.)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

### *Investments*

Investments in marketable securities are valued at their fair values in the statement of financial position. Information about unrealized gains and losses and the fair value of investments is detailed in Note 6.

### *Equipment*

VLT's records all purchased equipment at cost. Contributed equipment are recorded at fair value. VLT capitalizes all fixed assets which have a useful life greater than one year and a cost greater than \$1,000. Assets received as contributions are capitalized if the useful life greater than one year and fair value is greater than \$1,000. Property and equipment is depreciated over their estimated useful lives of five to fifteen years using a straight line method.

### *Contributions and Grants*

Contributions are recorded at their fair value on the date of donation. All contributions and grants 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 with donor restrictions that increase those net asset classes.

### *Promises to Give*

Unconditional promises to give are recognized as pledges receivable and as revenues in the period the contribution is received. In accordance with GAAP, conditional promises to give are recognized only when the donor-imposed conditions have been substantially met.

### *Program Services Revenue Receivable and Pledges Receivable*

As of December 31, 2020 management determined that no reserve for uncollectible pledges or program service revenue receivable was required. The determination is based on management's evaluation of the current status of existing receivables, evaluation of factors surrounding the credit risk of specific donors, historical trends, and other information.

### *Fair Value Measurements*

Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures* issued by the Financial Accounting Standards Board (FASB) defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. Pursuant to ASC 820, assets and liabilities recorded at fair value are categorized based upon the level of judgment associated with the inputs used to measure fair value. ASC 820 establishes a three-level fair value hierarchy that describes the inputs that are used to measure the fair values of respective assets and liabilities:

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

### *Fair Value Measurements (Cont.)*

Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date.

Level 2 – Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

Following is a description of the valuation methodologies used for investments measured at fair value.

*Cash:* Valued at face value (Level 1)

*Cash equivalents – money market funds:* Valued at face value. (Level 1)

*Mutual and exchange traded funds:* Valued utilizing quoted prices available in active markets for identical investments as of the reporting date. (Level 1)

*Common stock -* Valued at face value. (Level 1)

*Cash equivalents – certificates of deposit:* Valued utilizing benchmark yields, reported trades or broker dealer quotes. (Level 2)

*Interest in assets held by others:* Value is based on Net Asset Value (NAV) per the most recent audited financial statements and interim information provided by the fund manager. VLT does not have the ability to control or direct the assets held by others and the income and principal is subject to certain restrictions on redemption. (Level 2)

### *Grants*

Grants are received from federal, state, and local agencies, as well as from private organizations and 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 with donor restrictions support that increases those net asset classes.

### *Program Services Revenues*

Program services revenues are received from federal, state, and local agencies are recorded as revenue as the related costs are incurred. Costs incurred under the program services contracts are subject to audit by government agencies. Management believes that the disallowance of costs, if any, would not be material to the financial statements. Amounts received prior to VLT providing services required by the grant or contract are recorded as contract liabilities. There were no contract liabilities as of December 31, 2020 and 2019.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

### *Utility Rental Income*

VLT rents a small portion of owned land to provide utility companies access to their equipment. Utility rental income is recognized when earned. Refer to Note 14.

### *Contributed Goods and Services*

The VLT recognizes contribution revenue for specialized goods services that would otherwise be purchased by the VLT in an amount equal to the fair value of those goods and services. The following amounts were contributed and recognized as revenue:

<u>Goods and Services Donated</u>	<u>2020</u> <u>Fair Value</u>	<u>2019</u> <u>Fair Value</u>	<u>Purpose</u>
Campaign events	23,600	3,600	Fundraising
Accounting	13,000	20,300	General
Land acquisition legal services	145,300	167,600	Program
Special events	-	23,500	Fundraising
Property	168,000	-	Program
Equipment	-	2,300	Program

### *Functional Allocation of Expenses*

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Expenses that can be identified with a program or support service are allocated directly according to their expense classification. Other expenses that are common to several functions have been allocated among the programs and supporting services benefited based on historical time analysis.

### *Tax Exempt Status*

VLT is an exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC) and Section 23701(d) of the California Revenue and Taxation Code, and is considered a public charity.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

### *Uncertain Tax Positions*

Financial Accounting Standards Board's ASC 740-10, *Accounting for Uncertainty in Income Taxes*, prescribes a threshold for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. VLT files tax returns in the U.S. federal jurisdiction and in the state of California. VLT's tax returns from the year 2017 to the present remain subject to examination by the IRS for federal tax purposes, and the tax years from 2016 to the present remain subject to examination by the state of California. Management has evaluated its tax positions for all jurisdictions in which the statute of limitations remains open and has determined that VLT had taken no uncertain tax positions that require adjustment to the financial statements. VLT is not aware of any activities that are subject to tax on unrelated business income, excise or other taxes.

### *Use of Estimates*

Financial statements prepared in accordance with GAAP require management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

### *Reclassifications*

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

### *Subsequent Events and Uncertainties*

Management has evaluated subsequent events through December 15, 2021, the date which the financial statements were available to be issued. Refer to Note 19 for uncertainties and Note 20 for subsequent events.

## 3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within the next fiscal year, comprise the following as of December 31, 2020:

Cash and cash equivalents	\$ 465,746
Note receivable	12,433
Program services revenue receivable	76,650
Property tax receivable	<u>35,592</u>
	<u>\$ 590,421</u>

Additional funds are expected to be received in 2021 from grants, contributions, program services revenue, and utility rental income. VLT management believes they will have sufficient financial assets to fund the operations for the year ending December 31, 2021.

#### 4. PLEDGES RECEIVABLE

Pledges receivable of December 31, 2020, at face value, are estimated to be received as follows:

Year ending December 31,		
2021	\$	80,375
2022		72,115
2023		49,000
2024		<u>24,000</u>
		225,490
Less present value discount		<u>(710)</u>
	\$	<u>224,780</u>

Pledges receivable due after one year are recorded at the present value of estimated future cash flows using the U.S. Department of Treasury Daily Treasury Yield Curve rates.

#### 5. NOTE RECEIVABLE

In September 2014, VLT issued a secured note receivable of \$65,000 with an interest rate of 5%. The principal amount was to be received in a lump sum payment. In July 2017, the terms of the agreement were modified and the principal amount was to be repaid over 48 months with an interest rate of approximately 5%. Interest payments are received monthly. The maturity date of the note is June 15, 2021. Interest income was approximately \$1,000 and \$1,500 for the years ended December 31, 2020 and 2019, respectively.

#### 6. INVESTMENTS

Investments consist of the following as of December 31, 2020:

	<u>Cost</u>	<u>Fair Value</u>	<u>Excess (deficit) of Fair Value over Cost</u>
Cash equivalents	\$ 453,338	\$ 453,338	\$ -
Common stock	10,033	11,291	1,258
Exchange traded funds	<u>28,440</u>	<u>27,303</u>	<u>(1,137)</u>
	<u>\$ 491,811</u>	<u>\$ 491,932</u>	<u>\$ 121</u>



## 6. INVESTMENTS (Cont.)

Investments consist of the following as of December 31, 2019:

	<u>Cost</u>	<u>Fair Value</u>	Excess (deficit) of Fair Value Value over Cost
Cash equivalents	\$ 1,370,468	\$ 1,370,468	\$ -
Common stock	65,059	70,700	5,641
Exchange traded funds	<u>26,662</u>	<u>25,480</u>	<u>(1,182)</u>
	<u>\$ 1,462,189</u>	<u>\$ 1,466,648</u>	<u>\$ 4,459</u>

Investment income (loss) consists of the following for the year ended December 31,:

	<u>2020</u>	<u>2019</u>
Dividends and interest	\$ 6,001	\$ 34,126
Net realized gain (loss)	(6,005)	72,801
Net change in unrealized gain	<u>(4,338)</u>	<u>(46,474)</u>
Total investment income (loss)	<u>\$ (4,342)</u>	<u>\$ 60,453</u>

## 7. FAIR VALUE MEASUREMENTS

The following sets forth by level, within the fair value hierarchy, VLT's assets measured at fair value as of December 31, 2020:

	<u>Fair Value (Level 1)</u>	<u>Fair Value (Level 2)</u>	<u>Fair Value (Level 3)</u>
Cash and cash equivalents	\$ 453,338	\$ -	\$ -
Common stock	11,291	-	-
Exchange traded funds	27,303	-	-
Beneficial Interest in Ventura County Community Foundation	<u>-</u>	<u>222,380</u>	<u>-</u>
	<u>\$ 491,932</u>	<u>\$ 222,380</u>	<u>\$ -</u>

## 7. FAIR VALUE MEASUREMENTS (Cont.)

The following sets forth by level, within the fair value hierarchy, VLT's assets measured at fair value as of December 31, 2019:

	<u>Fair Value (Level 1)</u>	<u>Fair Value (Level 2)</u>	<u>Fair Value (Level 3)</u>
Cash and cash equivalents	\$ 2,016,827	\$ -	\$ -
Common stock	70,700	-	-
Exchange traded funds	25,480	-	-
Beneficial Interest in Ventura County Community Foundation	<u>-</u>	<u>198,979</u>	<u>-</u>
	<u>\$ 2,113,007</u>	<u>\$ 198,979</u>	<u>\$ -</u>

## 8. BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

VLT has beneficiary interests in the Ventura County Community Foundation ("VCCF") Endowment Funds A & B under an Agency Fund Agreement (Fund Agreement). VCCF Fund A is a donor restricted endowment fund that is restricted for the stewardship of land owned and maintained by VLT. VCCF Fund B does not have donor restrictions. VLT attempts to provide stable capital appreciation on a total return basis. Assets of VLT are fully exposed to market risks and may experience market volatility and principal loss. The beneficial interest in the funds is reported by VLT at the estimated fair market value which is based on the reported net asset value of the funds as reported by the VCCF. The estimated fair market value of VLT's interest in the Foundation was \$222,380 and \$198,979 for the years ended December 31, 2020 and 2019, respectively.

The Fund Agreement provides for the distribution of funds to be in accordance with the VCCF spending policy for its endowed funds and consistent with the applicable provisions of the California Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Fund Agreement allows VCCF to seek the to calculate a distribution from the funds consistent with the purposes for which the funds were established in an amount equality to eligible earnings, net of fees and as determined by the Board in accordance with their spending policies. For the year ended December 31, 2020 and 2019, there were no distributions from either fund.

## 9. CONSERVATION LAND

*Land held in fee title ownership by VLT include:*

Property Name	Acreage	Date Acquired	Acquisition	Amount
Waldo (Big Rock North)	0.73	February 9, 2009	Donation	\$ 1,000
Moore (Big Rock South)	0.35	December 1, 2009	Donation	500
Bonsall (Big Rock South)	15.37	December 22, 2010	Donation	62,318
County Piano Key (Big Rock North)	0.36	September 4, 2012	Donation	500
Willoughby Preserve	8.74	September 21, 2012	Donation	14,118
Lockwood Park	0.22	December 16, 2013	Donation	5,000
Hayden Preserve	2.11	October 12, 2016	Purchase	240,097
Mariano Rancho	1,645	January 31, 2020	Purchase	4,003,578
Harmon Canyon	2,123.42	June 8, 2020	Purchase	5,724,325
Holser Canyon	<u>80</u>	December 31, 2020	Donation	<u>168,000</u>
Total	<u>3,876.30</u>			<u>\$ 10,219,436</u>

## 10. PROPERTY AND EQUIPMENT

Equipment is summarized by major classifications as follows at December 31,:

	<u>2020</u>	<u>2019</u>
Office equipment	\$ 9,904	\$ 8,367
Equipment	24,733	24,733
Leasehold improvements	18,222	-
Automobile	<u>6,440</u>	<u>6,440</u>
	59,299	39,540
Less accumulated depreciation	<u>(21,056)</u>	<u>(12,436)</u>
	<u>\$ 38,243</u>	<u>\$ 27,104</u>

Depreciation expense for the years ended December 31, 2020 and 2019 was approximately \$8,700 and \$7,000, respectively.

## 11. OPERATING LEASE

The VLT leases its office on a month to month basis and has rent payments of approximately \$2,100 per month.

## 12. NOTES PAYABLE

In February 2017, VLT received, \$1,000,000 towards the purchase of the Mariano Rancho property. If the purchase of the property did not occur, the amount was to be returned to the donor. A note payable was established due to the potential return of the funds received. The note bore no interest and the note was forgiven upon purchase of the property. In January 2020, VLT purchased Mariano Rancho and the note payable in the amount of \$1,000,000 was forgiven and was recorded as a contribution.

In June 2020, VLT received a loan in the amount of \$1,825,000 related to the purchase of Mariano Rancho. The note bears interest at an annual rate of 3.95% and matures in June 2025. The debt issuance costs were \$33,324. Refer to Note 13.

The following is a schedule by year of the maturity of the notes payable:

Year ending December 31,	
2022	\$ 72,300
2023	155,400
2024	161,500
2025	<u>1,410,800</u>
	<u>\$1,800,000</u>

## 13. DEBT ISSUANCE COSTS

Debt issuance cost are presented as a direct deduction for the associated debt liability. As of December 31, 2020 debt issuance costs, net, were \$29,992. Amortization of debt issuance costs is reported at interest expense in the statements of activities.

Debt issuance costs consist of the following costs which are being amortized using the straight-line method over their respective terms as follows:

	<u>2020</u>	<u>Term</u>
Loan acquisition fees	\$ 33,324	5 Years
Less: accumulated amortization	<u>(3,332)</u>	
	<u>\$ 29,992</u>	

Future estimated interest expense resulting from the amortization of debt issuance costs as of December 31, 2020 is as follows:

Year ending December 31,	
2021	\$ 6,665
2022	6,665
2023	6,665
2024	6,665
2025	<u>3,332</u>
	<u>\$ 29,992</u>

Interest expense related to debt issuance costs for the year ended December 31, 2020 was approximately \$3,300.

#### 14. UTILITY RENTAL INCOME

Minimum future rental income to be received on non-cancelable leases as of December 31, 2020 are as follows:

Year ending December 31,		
	2021	\$ 62,323
	2022	55,903
	2023	<u>31,900</u>
		<u>\$ 150,126</u>

#### 15. CONCENTRATIONS AND RISKS

VLT maintains cash balances at several financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. Cash balances held in brokerage accounts are insured by the Securities Investor Protection Corporation (SIPC) up to \$250,000 per institution. Uninsured cash balances at December 31, 2020 totaled approximately \$900.

#### 16. ENDOWMENT FUNDS

VLT's endowment consists of restricted funds established to support operations. As required by generally accepted accounting principles, net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

##### *Interpretation of Relevant Law*

The Board of Trustees of VLT has interpreted the California adopted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, VLT classifies as permanently restricted net assets (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the donor gift instrument.

**16. ENDOWMENT FUNDS (Cont.)**

In accordance with California UPMIFA VLT considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds;

- (1) The duration and preservation of the fund
- (2) The purposes of VLT and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of VLT
- (7) The investment policies of VLT

*Return Objectives and Risk Parameters*

VLT has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to general stewardship by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that provide a reasonable balance between the quest for growth and the need to protect principal. VLT expects its endowment funds, over time, to provide an average annual rate of return of approximately five percent. Actual returns in any given year may vary from this amount.

Endowment net asset composition by type of fund as of December 31, 2020, were as follows:

	<u>With Donor Restrictions</u>		
	<u>Accumulated</u>	<u>Original</u>	
	<u>Earnings</u>	<u>Gift</u>	<u>Total</u>
General stewardship endowment fund	\$ <u>          -</u>	\$ <u>  297,517</u>	\$ <u>  297,517</u>
Total	\$ <u>          -</u>	\$ <u>  297,517</u>	\$ <u>  297,517</u>

## 16. ENDOWMENT FUNDS (Cont.)

Changes in endowment net assets for the year ended December 31, 2020:

	<u>With Donor Restrictions</u>		<u>Total</u>
	<u>Accumulated Earnings</u>	<u>Original Gift</u>	
Beginning endowment net assets	\$ -	\$ 247,517	\$ 247,517
Net investment return	7,979	-	7,979
Additions	-	50,000	50,000
Appropriation of endowment for expenditure	<u>(7,979)</u>	<u>-</u>	<u>(7,979)</u>
Ending endowment net assets	<u>\$ -</u>	<u>\$ 297,517</u>	<u>\$ 297,517</u>

Endowment net asset composition by type of fund as of December 31, 2019, were as follows:

	<u>With Donor Restrictions</u>		<u>Total</u>
	<u>Accumulated Earnings</u>	<u>Original Gift</u>	
General stewardship Endowment fund	<u>\$ -</u>	<u>\$ 247,517</u>	<u>\$ 247,517</u>
Total	<u>\$ -</u>	<u>\$ 247,517</u>	<u>\$ 247,517</u>

Changes in endowment net assets for the year ended December 31, 2019:

	<u>With Donor Restrictions</u>		<u>Total</u>
	<u>Accumulated Earnings</u>	<u>Original Gift</u>	
Beginning endowment net assets	\$ -	\$ 237,460	\$ 237,460
Net investment return	8,983	-	8,983
Additions	-	10,057	10,057
Appropriation of endowment for expenditure	<u>(8,983)</u>	<u>-</u>	<u>(8,983)</u>
Ending endowment net assets	<u>\$ -</u>	<u>\$ 247,517</u>	<u>\$ 247,517</u>

## 17. NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consisted of the following as of December 31:

	<u>2020</u>	<u>2019</u>
Total net assets without donor restrictions	\$ <u>9,071,891</u>	\$ <u>1,237,628</u>

## 18. NET ASSETS WITH DONOR RESTRICTIONS

Donor restricted net assets were restricted to expenditure for specified projects including pledges and grants and unallocated earnings on endowments are as follows at December 31:

	<u>2020</u>	<u>2019</u>
Harmon Canyon acquisition and stewardship	\$ 662,946	\$ 3,488,778
Mariano Rancho acquisition and stewardship	-	103,200
Education programs	<u>30,278</u>	<u>-</u>
Total funds restricted to expenditure for specified projects	\$ <u>693,224</u>	\$ <u>3,591,978</u>
Restricted in perpetuity, original gift amount		
General stewardship endowment	\$ <u>297,517</u>	\$ <u>247,517</u>
Total funds restricted in perpetuity	<u>297,517</u>	<u>247,517</u>
Total net assets with donor restrictions	\$ <u>990,741</u>	\$ <u>3,839,495</u>



## **19. UNCERTAINTIES**

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. The COVID-19 pandemic and resulting global disruptions have caused significant economic uncertainty and volatility in financial markets. The impact of COVID-19 continues to evolve rapidly and VLT is not able at this time to estimate its full impact on the financial statements.

## **20. SUBSEQUENT EVENTS**

### ***Contributions Received***

In February 2021, the VLT received a \$500,000 contribution with \$300,000 to be used to pay down the Mariano Rancho note payable and \$200,000 for trail development at Harmon Canyon Preserve. An additional \$500,000 conditional contribution towards the Mariano Rancho note payable was received in February 2021 and VLT will recognize the contribution when the VLT has met the donor's conditions.

### ***Paycheck Protection Program Loan***

In February 2021, the VLT received the second round of the Paycheck Protection Program loan funding in the amount of approximately \$122,900. VLT expects the full amount to be forgiven in 2021.