

San Luis Obispo County Housing Trust Fund

Audited Financial Statements

Year Ended December 31, 2025



**San Luis Obispo County Housing Trust Fund
Financial Statements
Year Ended December 31, 2025**

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Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of San Luis Obispo County Housing Trust Fund (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year 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 San Luis Obispo County Housing Trust Fund as of December 31, 2025, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 San Luis Obispo County Housing Trust Fund and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 San Luis Obispo County Housing Trust Fund'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 Responsibility 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 and *Government 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 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government 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 San Luis Obispo County Housing Trust Fund'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 San Luis Obispo County Housing Trust Fund'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

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 10, 2026, on our consideration of San Luis Obispo County Housing Trust Fund's internal control financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of San Luis Obispo County Housing Trust Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering San Luis Obispo County Housing Trust Fund's internal control over financial reporting and compliance.

Glenn Burdette Attest Corporation

Glenn Burdette Attest Corporation
San Luis Obispo, California

April 10, 2026

San Luis Obispo County Housing Trust Fund
Statement of Financial Position
December 31, 2025

Assets

Current assets:

Cash and cash equivalents	\$ 6,913,801
Investments	1,400,000
Contributions and grants receivable	58,555
Accounts receivable	2,716
Interest receivable	15,278
Notes and accrued interest receivable, current portion	5,197,259
Prepaid expenses	9,952
Total current assets	13,597,561

Non-current assets:

Notes and accrued interest receivable, net of current portion	19,350,414
Allowance for credit losses	(1,400,000)
Operating lease right-of-use asset	65,860
Total non-current assets	18,016,274

Total assets	\$ 31,613,835
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Liabilities and Net Assets

Current liabilities:

Accounts payable	\$ 8,901
Accrued payroll liabilities	19,739
Accrued interest payable	10,055
Accrued vacation payable	35,891
Current portion of lines of credit	250,000
Current portion of notes payable	26,718
Current portion of operating lease liability	37,797
Total current liabilities	389,101

Long-term liabilities:

Lines of credit	3,494,910
Notes payable, net of current portion	5,463,305
Operating lease liability, net of current portion	29,906
Total long-term liabilities	8,988,121

Total liabilities	9,377,222
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Net assets:

Without donor restrictions	9,634,688
With donor restrictions	12,601,925
Total net assets	22,236,613

Total liabilities and net assets	\$ 31,613,835
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The accompanying notes are an integral part of these financial statements.

San Luis Obispo County Housing Trust Fund
Statement of Activities and Changes in Net Assets
Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support:			
Contributions and grants	302,870	1,444,639	1,747,509
Fee income	54,025		54,025
Interest income - program	999,933		999,933
Interest income - cash	221,403		221,403
Contributions of nonfinancial assets	4,500		4,500
Total revenues and other support	<u>1,582,731</u>	<u>1,444,639</u>	<u>3,027,370</u>
Net assets released from restrictions	<u>135,000</u>	<u>(135,000)</u>	<u>-</u>
Expenses:			
Program Services	799,907		799,907
Supporting Services:			
General and administration	206,235		206,235
Fundraising	55,051		55,051
Total expenses	<u>1,061,193</u>		<u>1,061,193</u>
Change in net assets	656,538	1,309,639	1,966,177
Net assets - beginning of year	<u>8,978,150</u>	<u>11,292,286</u>	<u>20,270,436</u>
Net assets - end of year	<u>\$ 9,634,688</u>	<u>\$ 12,601,925</u>	<u>\$ 22,236,613</u>

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

San Luis Obispo County Housing Trust Fund
Statement of Functional Expenses
Year Ended December 31, 2025

	Program Services	Supporting Services		Total
		General and Administration	Fund- Raising	
Personnel costs:				
Salaries and wages	\$ 301,078	\$ 115,799	\$ 46,320	\$ 463,197
Total personnel costs	<u>301,078</u>	<u>115,799</u>	<u>46,320</u>	<u>463,197</u>
Dues and subscriptions	5,932	1,186	791	7,909
Insurance	5,624	1,125	750	7,499
Interest	226,303			226,303
Loan fees	7,044			7,044
Marketing and promotion	20,181	4,036	2,691	26,908
Occupancy	10,559	2,112	1,408	14,079
Office expense	7,082	1,416	944	9,442
Professional services		77,340		77,340
Provision for credit losses	200,000			200,000
Telephone and communications				
Travel and entertainment	<u>16,104</u>	<u>3,221</u>	<u>2,147</u>	<u>21,472</u>
	<u>\$ 799,907</u>	<u>\$ 206,235</u>	<u>\$ 55,051</u>	<u>\$ 1,061,193</u>

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

San Luis Obispo County Housing Trust Fund
Statement of Cash Flows
December 31, 2025

Cash flows from operating activities:

Change in net assets	\$ 1,966,177
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Lease expense - operating lease	38,786
Allowance for credit losses	200,000
Changes in operating assets and liabilities:	
Contributions and grants receivable	456,445
Accounts receivable	(152)
Interest receivable	4,252
Notes and accrued interest receivable	(4,243,539)
Prepaid expenses	14,328
Accounts payable	(8,222)
Accrued payroll liabilities	2,374
Accrued interest payable	5,746
Accrued vacation payable	11,089
Operating lease liabilities	(38,313)
Net cash used in operating activities	(1,591,029)

Cash flows from investing activities:

Purchases of investments	(79,241)
Net cash used in investing activities	(79,241)

Cash flows from financing activities:

Proceeds from borrowing on line of credit	7,085,000
Repayment of line of credit	(6,613,992)
Proceeds from borrowing on notes payable	4,244,910
Repayment of notes payable	(734,199)
Net cash provided by financing activities	3,981,719

Net increase in cash	2,311,449
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Cash and cash equivalents - beginning of year	4,602,352
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Cash and cash equivalents - end of year	\$ 6,913,801
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Supplemental schedule of investing and financing activities:

Cash paid for interest during the year	\$ 220,557
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The accompanying notes are an integral part of these financial statements.

San Luis Obispo County Housing Trust Fund
Notes to Financial Statements
December 31, 2025

Note 1: Nature of Business

The San Luis Obispo County Housing Trust Fund (the Organization) is a nonprofit 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 in San Luis Obispo County for extremely low to moderate income residents and households of people with disabilities. 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 the board of directors and its elected officers who are responsible for the development of policies. The Chief Executive Officer (CEO) and staff conduct the Organization's activities in accordance with board-established policy.

Note 2: Summary of Significant Accounting Policies

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting which requires that revenues be recorded when earned and expenses be recorded when incurred and accordingly reflect all significant receivables, payables, and other liabilities.

Revenue and Revenue Recognition

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

A portion of the Organization's revenue is derived from cost-reimbursable local contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

Additionally, revenue is derived from the interest income related to notes receivable that the Organization has outstanding. 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.

San Luis Obispo County Housing Trust Fund
Notes to Financial Statements
December 31, 2025

Note 2: Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition. At December 31, 2025, there was \$1,692,522 of cash equivalents.

Contribution of Nonfinancial Assets

The Organization records the value of donated goods and services when there is an objective basis available to measure their fair market value. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with these skills, and would otherwise be purchased by the Organization. During the year ended December 31, 2025, the Organization received contributions of nonfinancial assets for professional services of \$4,500. There were no donor-imposed restrictions associated with these donations.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and allowance for credit losses.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. 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.

San Luis Obispo County Housing Trust Fund
Notes to Financial Statements
December 31, 2025

Note 2: Summary of Significant Accounting Policies (Continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America may require management to make estimates and assumptions that affect the reported amounts of 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, and those differences could be material.

Financial Instruments and Credit Limit Risk

The Organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. At December 31, 2025, there was \$1,399,813 in excess of the FDIC limit. To date, the Organization has not experienced losses in any of these accounts.

Income Taxes

The Organization is organized as a California nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as organizations described in IRC Section 501(c)(3), qualify for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii). The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. Management has determined that the Organization is not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Functional Expense Allocations

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Allocations are made based upon hours worked as well as estimated usage of supplies and other expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising

The Organization expenses advertising costs as incurred. There was no advertising expense for the year ended December 31, 2025.

San Luis Obispo County Housing Trust Fund
Notes to Financial Statements
December 31, 2025

Note 2: Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

The Organization records its financial assets and liabilities at fair value in accordance with the Fair Value Measurements and Disclosures Topic of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). This Topic provides a framework for measuring fair value, clarifies the definition of fair value and expands disclosures regarding fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the reporting date. This Topic also establishes a three-tier hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets and liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following is a description of the valuation methodologies used for assets measured at fair value:

Certificates of deposit: recorded at amortized cost plus accrued interest, which approximates fair value based upon observable market inputs for similar securities, including valuation models based upon prices paid for similar assets with similar yields from issuers with similar credit ratings and are included in Level 2. The certificates of deposit mature at various dates through August 2026.

This hierarchy requires the Organization to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

San Luis Obispo County Housing Trust Fund
Notes to Financial Statements
December 31, 2025

Note 2: Summary of Significant Accounting Policies (Continued)

The following sets forth by level, within the fair value hierarchy, the Organization’s assets at fair value as of June 30, 2025:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Certificates of deposit	\$	\$ 1,320,759	\$	\$ 1,320,759
Total assets at fair value	\$ -	\$ 1,320,759	\$ -	\$ 1,320,759

Leases

The Organization leases office space. The determination of whether an arrangement is a lease is made at the lease’s inception. Under FASB ASU 2016-02, *Leases* (Topic 842), a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed. The Organization has elected the practical expedient for short-term leases with terms of 12 months or less. For short-term leases the Organization recognizes the lease payments in the income statement on a straight-line basis over the term of the lease.

For leases with a lease term greater than one year, the Organization recognizes a lease asset for its right to use the underlying leased asset and a lease liability for the corresponding lease obligation.

Operating leases with a duration greater than one year are included in operating lease right-of-use (ROU) assets, current portion operating lease liabilities, and operating lease liabilities, net of current portion in the Organization’s balance sheet at December 31, 2025. Operating lease ROU assets and operating lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. In determining the present value of lease payments, the Organization uses the risk-free rate of a period comparable with that of the lease term.

The Organization considers the lease term to be the noncancelable period that it has the right to use the underlying asset, including all periods covered by an option to (1) extend the lease if the Organization is reasonably certain to exercise the option, (2) terminate the lease if the Organization is reasonably certain not to exercise that option, and (3) extend, or not to terminate, the lease in which exercise of the option is controlled by the lessor.

The operating lease right-of-use assets also include any lease payments made and exclude lease incentives received or receivable. Lease expense is recognized on a straight-line basis over the expected lease term. Variable lease expenses are recorded when incurred. The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

San Luis Obispo County Housing Trust Fund
Notes to Financial Statements
December 31, 2025

Note 2: Summary of Significant Accounting Policies (Continued)

Notes Receivable, Accounts Receivable and Allowance for Credit Losses

The Organization operates in the non-profit affordable housing industry and its notes receivables are primarily derived from qualified borrowers. Notes receivables are recorded when funds are transferred to the borrower and are presented on the balance sheet. As of December 31, 2025 notes receivable, net of accrued interest was \$24,513,833. As of January 1, 2025, notes receivable net of accrued interest was \$20,276,235.

At each balance sheet date, the Organization recognizes an expected allowance for credit losses. In addition, also at each reporting date, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist. The allowance estimate is derived from a review of the Organization’s historical losses based on the aging of receivables. This estimate is adjusted for management’s assessment of current conditions, reasonable and supportable forecasts regarding future events, and other factors deemed relevant by the Organization. The Organization believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the Organization’s portfolio segments have remained constant since the Organization’s Inception. The Organization also compares the current allowance for credit losses to a percentage of the loan receivable portfolio balance to identify if any increases are warranted.

The Organization writes off receivable notes when there is information that indicates the borrower is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with the Organization’s accounting policy election. The allowance for credit losses for accounts receivable by portfolio segment and the related activity are as follows:

Beginning Balance	\$ 1,200,000
Provision for credit losses	<u>200,000</u>
Ending Balance	<u>\$ 1,400,000</u>

San Luis Obispo County Housing Trust Fund
Notes to Financial Statements
December 31, 2025

Note 3: Liquidity and Availability

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$ 6,913,801
Investments	1,400,000
Contributions and grants receivable	58,555
Accounts receivable	2,716
Interest receivable	15,278
Notes and accrued interest receivable, current portion	5,197,259
(Less):	
Cash and cash equivalents to support program net asset restrictions	(4,328,987)
Cash and cash equivalents to support program commitments	<u>(2,400,000)</u>
	<u>\$ 6,858,622</u>

The Organization has an operating reserve policy and occasionally the Board designates a portion of any operating surplus to its operating reserve and allowance for credit losses. The Organization has established a board designated reserve of net assets of \$500,000 for potential operating losses at December 31, 2025, which in management’s opinion would be sufficient to cover any potential losses, including any losses on interest receivables, lower grant revenues than budgeted, and greater expenses than budgeted.

The Organization has been awarded various state and local grants that will provide a total of \$1,336,654 in revenue when the Organization funds the loans that have been identified under the terms of the grants. See Note 7.

The Organization has five lines of credit, see Note 5. At December 31, 2025, \$3,744,910 was outstanding on all lines of credit with \$4,005,090 remaining in borrowing capacity. As part of its liquidity management, the Organization has a policy to structure its notes receivable so that maturities generally correspond with the maturity dates of its loans payable to ensure adequate cash to satisfy its financial obligations.

The Organization has investment policies which allow a portion of its cash to be invested for up to 24 months based on anticipated need or use. In practice, the majority of the Organization’s cash has been placed in certificates of deposit, money market and savings accounts at banks and credit unions.

San Luis Obispo County Housing Trust Fund
Notes to Financial Statements
December 31, 2025

Note 4: Notes and Accrued Interest Receivable

At December 31, 2025, notes and accrued interest receivable consisted of the following:

Loan #5013, collateralized by deed of trust, with a fixed interest rate of 5.50%, payable in 179 monthly installments of principal and interest at \$1,990, with one final payment estimated at \$244,243 due July 2027.	\$ 256,796
Loan #5014, collateralized by deed of trust, with a simple fixed interest rate of 4.00%, payable in one installment of principal and interest due December 2031.	308,225
Loan #5016, collateralized by deed of trust, with a simple fixed interest rate of 5.00%, payable in one installment of principal and interest due April 2026.	310,503
Loan #5020, collateralized by deed of trust, with a fixed interest rate of 5.50%, payable in 179 monthly installments of principal and interest at \$852, with one final payment estimated at \$104,700 due May 2029.	119,935
Loan #5023, collateralized by deed of trust, with a simple fixed interest rate of 3%, payable in one installment of principal and interest due June 2043.	556,675
Loan #5026, collateralized by deed of trust, with a simple fixed interest rate of 4.00% to be accrued, with annual payments of 50% of residual receipts beginning May 2017 and one final principal and interest payment due August 2036.	288,750
Loan #5027, collateralized by deed of trust, with a simple fixed interest rate of 4.00%, with annual payments of 50% of residual receipts beginning June 2018 and a final principal and interest payment due June 2037.	263,410
Loan #5028, collateralized by deed of trust, with a simple fixed interest rate of 4.00%, with annual payments of 50% of residual receipts beginning 1-year following construction period and a final principal and interest payment due June 2037.	370,515
Loan #5030, collateralized by deed of trust, with a simple fixed interest rate of 2.50%, payable in 115 monthly installments of principal and interest at \$500, due May 2026.	1,720
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 5.70%, payable in 119 monthly installments of principal and interest at \$18,934, with on final payment estimated at \$2,292,435 due April 2027.	380,386
Loan #5032, collateralized by deed of trust, with a simple fixed interest rate of 4.00%, with annual payments of 50% of residual receipts beginning 1-year following construction period and a final principal and interest payment due March 2034.	253,526

San Luis Obispo County Housing Trust Fund

Notes to Financial Statements

December 31, 2025

Note 4: Notes and Accrued Interest Receivable (Continued)

Loan #5035, collateralized by deed of trust, with a simple fixed interest rate of 4.00%, with annual payments of 50% of residual receipts beginning 1-year following construction period and a final principal and interest payment due May 2036.	\$ 508,239
Loan #5037, collateralized by deed of trust, with a simple fixed interest rate of 4.00%, with annual payments of 50% of residual receipts beginning 1-year following construction period and a final principal and interest payment due March 2037.	418,507
Loan #5040, collateralized by deed of trust, with a fixed interest rate of 2.00%, payable in monthly installments of principal and interest at \$1,116 with the final payment due September 2048.	242,283
Loan #5041, collateralized by deed of trust, with a simple fixed interest rate of 4.00%, accrued interest due at completion of construction, with annual payments of 50% of residual receipts beginning 1-year following construction period and a final principal and interest payment due November 2038.	423,676
Loan #5043, collateralized by deed of trust, with a fixed interest rate of 5.50%, interest payable monthly, with principal due March 2026.	1,600,000
Loan #5044, collateralized by deed of trust, with a simple fixed interest rate of 4.00%, with annual payments of 50% of residual receipts beginning 1-year following construction period and a final principal and interest payment due March 2039.	163,382
Loan #5045, collateralized by deed of trust, with a fixed interest rate of 5.50%, interest payable monthly, with principal due March 2026.	1,264,691
Loan #5046, collateralized by deed of trust, with a fixed interest rate of 3.50%, interest payable monthly, with principal due October 2025.	300,000
Loan #5047, collateralized by deed of trust, with a fixed interest rate of 5.00%, payable in monthly installments of principal and interest at \$1,116 with the final payment due June 2037.	292,933
Loan #5049, collateralized by deed of trust, with a simple fixed interest rate of 4.00%, with annual payments of 50% of residual receipts beginning 1-year following construction period and a final principal and interest payment due December 2040.	886,093
Loan #5050, collateralized by deed of trust, with a simple fixed interest rate of 4.00%, with annual payments of 50% of residual receipts beginning 1-year following construction period and a final principal and interest payment due November 2040.	762,450
Loan #5052, collateralized by deed of trust, with a simple fixed interest rate of 3.00%, with interest deferred until conversion. After conversion, annual payment of 1% loan monitoring fee, then residual receipts beginning one year following construction period with final principal and interest payment due October 2041.	359,571

San Luis Obispo County Housing Trust Fund

Notes to Financial Statements

December 31, 2025

Note 4: Notes and Accrued Interest Receivable (Continued)

Loan #5053, collateralized by deed of trust, with a simple fixed interest rate of 3.00%, with interest deferred until conversion. After conversion, annual payment of 1% loan monitoring fee, then residual receipts beginning one year following construction period with final principal and interest payment due November 2041.	\$ 736,084
Loan #5054, collateralized by deed of trust, with a fixed interest rate of 5.50%, with principal and interest due monthly, with final principal and interest payment due March 2042.	508,328
Loan #5056, collateralized by deed of trust, with a fixed interest rate of 5.50%, with principal and interest due monthly, with final principal and interest payment due August 2039.	285,879
Loan #5057, collateralized by deed of trust, with a fixed interest rate of 4.25%, with interest due monthly, with final principal and interest payment due December 2025.	1,600,000
Loan #5058, collateralized by deed of trust, with a fixed interest rate of 3.00%, with interest due monthly, with final principal and interest payment due May 2029.	400,000
Loan #5059, collateralized by deed of trust, with a fixed interest rate of 3.00%, with interest deferred until conversion. After conversion, annual payment of 1% loan monitoring fee, then residual receipts beginning one year following construction period with final principal and interest payment due June 2043.	877,120
Loan #5060, collateralized by deed of trust, with a fixed interest rate of 3.00%, with interest deferred until conversion. After conversion, annual payment of 1% loan monitoring fee, then residual receipts beginning one year following construction period with final principal and interest payment due June 2043.	1,353,692
Loan #5062, collateralized by deed of trust, with a fixed interest rate of 3.00%, with interest deferred until conversion. After conversion, annual payment of 1% loan monitoring fee, then residual receipts beginning one year following construction period with final principal and interest payment due January 2049.	1,162,346
Loan #5063, collateralized by deed of trust, with a fixed interest rate of 3.00%, with interest deferred until conversion. After conversion, annual payment of 1% loan monitoring fee, then residual receipts beginning one year following construction period with final principal and interest payment due January 2044.	1,057,707
Loan #5064, collateralized by deed of trust, with a fixed interest rate of 5.00%, with principal and interest due monthly, with final principal and interest payment due September 2033.	492,625
Loan #5065, collateralized by deed of trust, with a fixed interest rate of 6.00%, with interest due monthly, with final principal and interest payment due October 2026.	1,672,971

San Luis Obispo County Housing Trust Fund
Notes to Financial Statements
December 31, 2025

Note 4: Notes and Accrued Interest Receivable (Continued)

Loan #5066, collateralized by deed of trust, with a fixed interest rate of 5.00%, with principal and interest due monthly, with final principal and interest payment due September 2029.	\$ 401,871
Loan #5067, collateralized by deed of trust, with a fixed interest rate of 3.00%, with interest deferred until conversion. After conversion, annual payment of 1% loan monitoring fee, then residual receipts beginning one year following construction period with final principal and interest payment due November 2054.	1,551,822
Loan #5069, collateralized by deed of trust, with a fixed interest rate of 6.00%, with interest due monthly, with final principal and interest payment due May 2027.	808,188
Loan #5070, collateralized by deed of trust, with a fixed interest rate of 3.00%, with annual loan monitoring fee payment of 1%, annual residual receipts with final principal and interest payment due June 2045.	734,913
Loan #5071, collateralized by deed of trust, with a fixed interest rate of 2.5%, with principal and interest due monthly, with final principal and interest payment due November 2051.	171,291
Loan #5072, collateralized by deed of trust, with a fixed interest rate of 3.00%, with interest deferred until conversion. After conversion, annual payment of 1% loan monitoring fee, with residual receipts beginning one year following the construction period with final principal and interest payment due December 2050.	400,570
	<hr/>
	24,547,673
Less current portion	(5,197,259)
	<hr/>
Notes and accrued interest receivable, net of current portion	<u>\$ 19,350,414</u>

At December 31, 2025, aggregate maturities of notes and accrued interest receivable were as follows:

<u>For the Year Ending December 31,</u>	
2026	\$ 5,197,259
2027	1,448,009
2028	118,829
2029	595,815
2030	113,238
Thereafter	17,074,523
	<hr/>
Total	<u>\$ 24,547,673</u>

San Luis Obispo County Housing Trust Fund

Notes to Financial Statements

December 31, 2025

Note 5: Lines of Credit

The Organization continued to maintain an unsecured, revolving line of credit agreement with Mission Bank in 2025. The line of credit allows for borrowings up to \$1,000,000, subject to various loan covenants which were met as of December 31, 2025. Interest accrues at the fixed rate of 5.00% per annum and is payable in monthly installments until maturity on August 5, 2028. As of December 31, 2025, there was \$1,000,000 outstanding on the line of credit.

The Organization continued to maintain an unsecured, revolving line of credit agreement with American Riviera Bank in 2025. The line of credit allows for borrowings up to \$250,000 and has a maturity date of May 15, 2026. Interest accrues at the variable rate of 2.50% per annum and is payable in monthly installments until maturity. As of December 31, 2025, there was \$250,000 outstanding on the line of credit.

The Organization entered into a revolving line of credit agreement with West Coast Community Bank in 2025. The line of credit allows for borrowings up to \$2,500,000 and has a maturity date of December 23, 2028. Interest accrues at the fixed rate of 5.70% per annum and is payable in monthly installments until maturity. As of December 31, 2025, there was \$2,494,910 outstanding on the line of credit.

The Organization continued to maintain an unsecured, revolving line of credit agreement with Columbia Bank in 2025. The line of credit allows for borrowings up to \$3,000,000 and has a maturity date of July 11, 2030. Interest accrues at the variable rate of 5.75% per annum and is payable in monthly installments until maturity. As of December 31, 2025, there was \$0 outstanding on the line of credit.

The Organization continued to maintain an unsecured, revolving line of credit agreement with Banc of California in 2025. The line of credit allows for borrowings up to \$1,000,000 and has a maturity date of December 6, 2031. Interest accrues at the variable rate of 5.45% per annum and is payable in monthly installments until maturity. As of December 31, 2025, there was \$0 outstanding on the line of credit.

Note 6: Notes Payable

At December 31, 2025 notes payable consisted of the following:

Note payable to the Sisters of Charity of Cincinnati, Inc., dated May 1, 2016, payable in quarterly payments of \$5,554, including interest accrued at 3.00% per annum, and one final payment of principal and interest at the maturity date of May 1, 2026.	\$ 8,013
Note payable to the United States Department of Agriculture, dated May 1, 2018, payable in annual principal and interest payments at 1.00% per annum beginning May 1, 2022, with one final payment of principal and interest on May 1, 2048.	252,010

San Luis Obispo County Housing Trust Fund
Notes to Financial Statements
December 31, 2025

Note 6: Notes Payable (Continued)

Note payable to Mechanics' Bank, dated June 30, 2025, with quarterly interest only payments calculated at 4.00% per annum, with one final principal and interest payment on June 30, 2028.	\$ 1,250,000
Note payable to Adrian Dominican Sisters, dated September 15, 2025, payable in quarterly interest only payments at 2.50% interest, with one final principal payment of \$200,000 on June 15, 2030.	250,000
Note payable to Community Foundation of San Luis Obispo County, dated November 1, 2023, with quarterly interest only payments calculated at 3.00% per annum, with one final principal and interest payment on September 15, 2028.	730,000
Note payable to Common Spirit Health, dated December 15, 2023, with quarterly interest only payments calculated at 3.00% per annum, with one final principal and interest payment on December 15, 2033.	3,000,000
	<u>5,490,023</u>
Less current portion	(26,718)
Notes payable, net of current portion	<u>\$ 5,463,305</u>

At December 31, 2025, aggregate maturities of notes payable were as follows:

<u>For the Year Ending December 31,</u>	
2026	\$ 26,718
2027	20,891
2028	2,003,080
2029	23,275
2030	259,464
Thereafter	<u>3,156,595</u>
Total	<u>\$ 5,490,023</u>

Note 7: Grant Requirements and Agreements

The Organization receives 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 was 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

December 31, 2025

Note 7: Grant Requirements and Agreements (Continued)

During the year ended December 31, 2021, the Organization was awarded a Local Housing Trust Fund (LHTF) grant in the amount of \$1,500,000. Total funds drawn as of December 31, 2025 were \$900,000 with a remaining amount still to be drawn of \$600,000. During the year ended December 31, 2023, the Organization was awarded an LHTF grant in the amount of \$1,200,000. Total funds drawn as of December 31, 2025 were \$750,000 with a remaining amount still to be drawn of \$450,000. Since December 31, 2022, the Organization has obtained seven Permanent Local Housing Authority (PLHA) grants and three LHTF grants for a total amount of \$7,351,912. Total funds drawn as of December 31, 2025 were \$6,015,258 with a remaining amount still to be drawn of \$1,336,654. Under the terms of the grant agreements, the Organization has reporting requirements related to the various projects through the year 2036. Restricted net assets related to these grants are \$5,579,007 as of December 31, 2025.

In accordance with FASB ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, the Organization will recognize this as grant revenue in the period in which it has substantially met the conditions of the grant and are eligible for reimbursement. The Organization has determined under this guidance that these grants will be unconditional and eligible for reimbursement when the related promissory notes from borrowers have been executed. During the year ended December 31, 2025, the Organization recognized grant revenue of \$1,444,639 when they executed promissory notes from borrowers.

Note 8: Leases

The Organization leases a building in San Luis Obispo, California, with a minimum monthly rent of \$3,264, with a 3% increase every year. The lease expired on December 31, 2023, where the Organization exercised the 3-year option to renew through December 31, 2026.

Additionally, the Organization entered into a sublease agreement with Mission Community Services Corporation effective January 1, 2025 through December 31, 2025. Mission Community Services renewed their sublease agreement effective January 1, 2026 through December 31, 2026. Base rent to be paid to the Organization is \$2,285 per month in exchange for 70% of the office space. Mission Community Services Corporation is obligated to pay 70% of total occupancy expenses noted above.

Quantitative Disclosures

The lease expense for operating leases was \$38,786 for the year ended December 31, 2025.

Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$	38,313
Weighted-average remaining lease term in years for operating leases		1.75
Weighted-average discount rate for operating leases		3.52%

San Luis Obispo County Housing Trust Fund
Notes to Financial Statements
December 31, 2025

Note 8: Leases (Continued)

The other required information for the year ended December 31, 2025, is as follows:

Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$	38,313
Weighted-average remaining lease term in years for operating leases		1.75
Weighted-average discount rate for operating leases		3.52%

The future minimum lease payments and reconciliation to the statement of net position at December 31, 2025 is as follows:

	<u>For the Year Ending December 31,</u>	
	2026	\$ 39,462
	2027	30,258
Total undiscounted cash flows		<u>69,720</u>
Less: present value discount		<u>(2,017)</u>
Total lease liabilities		<u>\$ 67,703</u>

Note 9: Designations and Restrictions on Net Assets

At December 31, 2025, the Organization had the following net assets without donor restrictions:

Undesignated	\$ 9,134,688
Designated by the Board for operating reserve	<u>500,000</u>
	<u>\$ 9,634,688</u>

At December 31, 2025, the Organization had the following net assets with donor restrictions:

Purpose restrictions:	
Restricted loan funds - permanently restricted	\$ 232,917
Time-restricted for future periods:	
Capital Magnet Fund	6,790,000
Local Housing Trust Fund Program	2,820,644
Permanent Local Housing Allocation	<u>2,758,364</u>
	<u>\$ 12,601,925</u>

San Luis Obispo County Housing Trust Fund
Notes to Financial Statements
December 31, 2025

Note 10: Subsequent Events

Events subsequent to December 31, 2025 have been evaluated through April 15, 2026, which is the date the financial statements were available to be issued. Management did not identify any subsequent events requiring disclosure.

Federal Awards

**Independent Auditors' Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of San Luis Obispo County Housing Trust Fund (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 10, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit, we considered San Luis Obispo County Housing Trust Fund's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of San Luis Obispo County Housing Trust Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of San Luis Obispo County Housing Trust Fund's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatement on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Directors
San Luis Obispo County Housing Trust Fund
Page 2

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether San Luis Obispo County Housing Trust Fund’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Glenn Burdette Attest Corporation

Glenn Burdette Attest Corporation
San Luis Obispo, California

April 10, 2026

**Independent Auditors' Report on Compliance for Each Major Program
and on Internal Control over Compliance Required by the Uniform Guidance**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited San Luis Obispo County Housing Trust Fund's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the San Luis Obispo County Housing Trust Fund's major federal programs for the year ended December 31, 2025. San Luis Obispo County Housing Trust Fund's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of finding and questioned costs.

In our opinion, San Luis Obispo County Housing Trust Fund complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of San Luis Obispo County Housing Trust Fund and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of San Luis Obispo County Housing Trust Fund's compliance with the compliance requirements referred to above.

Board of Directors

San Luis Obispo County Housing Trust Fund

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to San Luis Obispo County Housing Trust Fund's federal programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on San Luis Obispo County Housing Trust Fund's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about San Luis Obispo County Housing Trust Fund's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 San Luis Obispo County Housing Trust Fund's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of San Luis Obispo County Housing Trust Fund's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of San Luis Obispo County Housing Trust Fund's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Board of Directors
San Luis Obispo County Housing Trust Fund
Page 3

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Glenn Burdette Attest Corporation

Glenn Burdette Attest Corporation
San Luis Obispo, California

April 10, 2026

**San Luis Obispo County Housing Trust Fund
Schedule of Expenditure of Federal Awards
Year Ended December 31, 2025**

Federal Grantor/ Program Title	Federal Assistance Listing Number	Federal Expenditures
US Department of the Treasury		
Capital Magnet Fund	21.011	\$ 7,000,000
US Department of Agriculture		
Intermediary Relending Program	10.767	<u>233,306</u>
Total expenditures of federal awards		<u><u>\$ 7,233,306</u></u>

The accompanying notes are an integral part of this schedule.

San Luis Obispo County Housing Trust Fund
Notes to the Schedule of Expenditures of Federal Awards
Year Ended December 31, 2025

Note 1: Basis of Presentation

The purpose of the accompanying schedule of expenditures of federal awards (the schedule) is to present a summary of those activities of the San Luis Obispo County Housing Trust Fund (Organization) for the year ended December 31, 2025, which have been financed by federal awards. For purposes of the schedule, federal awards include all federal grants received directly from the federal government and sub-awards from nonfederal organizations made under federally sponsored agreements. Because the schedule presents only a selected portion of the activities of the Organization, it is not intended to and does not present either the financial position or changes in net position of the Organization.

The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in the basic financial statements.

Note 2: Expenditures

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the schedule represent adjustments or credit made in the normal course of business to amounts reported as expenditures in prior years. There were no subrecipients for the year ended December 31, 2025.

Note 3: Indirect Cost Rate

The Organization has elected to use the 15% de minimis indirect cost rate as allowed under the Uniform Guidance but has no grants in the current year that allow indirect costs.

Note 4: Loans Outstanding

The Organization had \$233,306 in total loans outstanding under the USDA Intermediary Relending Program (ALN – 10.767).

**San Luis Obispo County Housing Trust Fund
Schedule of Findings and Questioned Costs
Year Ended December 31, 2025**

Section I: Summary of Auditors' Results

Financial Statements

- (a) Type of auditors' report issued on financial statements: **Unmodified.**
- (b) Internal control over financial reporting:
- Material weakness(es) identified? **No.**
 - Significant deficiencies identified not considered to be material weaknesses? **None reported.**
- (c) Noncompliance material to financial statements noted? **No.**

Federal Awards

- (d) Internal control over major programs:
- Material weakness(es) identified? **No.**
 - Significant deficiencies identified not considered to be material weaknesses? **None reported.**
- (e) Type of auditors' report issued on compliance for major programs: **Unmodified.**
- (f) Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? **No.**
- (g) Dollar threshold used to distinguish between Type A and Type B programs: **\$1,000,000.**
- (h) Major program(s):
- US Department of the Treasury: Capital Magnet Fund (ALN 21.011)
- (i) Auditee qualified as low-risk auditee? **Yes.**

Section II: Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted *Government Auditing Standards*

None.

Section III: Findings and Questioned Costs for Federal Awards

None.