

**AGENDA OF THE REGULAR MEETING OF
THE BOARD OF DIRECTORS OF THE
HOUSING AND OPPORTUNITY FOUNDATION
OF KERN, LOCATED AT: 601 24th ST.,
BAKERSFIELD, CALIFORNIA TO BE HELD
ON TUESDAY, NOVEMBER 8, 2023, AT: 1:00
P.M.**

1. **Call to Order**, Roll Call, and Introduction of Guests
2. **Adoption of Agenda**
3. **Approval of Draft 2023 Financial Report**
4. **Authorization to Recommend the Reappointment of Gabriela Mello, Max Bacerra, and Raju Jassar to the Board of Directors for a Three-Year Term**
5. **Authorization to form a Finance Committee**
6. **Next Meeting**

The next regular meeting of the Board of Directors of the Housing and Opportunity Foundation of Kern will be held on **Tuesday, January 16, 2023 at 11:30 a.m.**, at the Housing Authority's Central Office Board Room, located at: 601 – 24th Street, Bakersfield, California.

7. **Adjournment**

If you require **special assistance** to participate in this Meeting, please call: 661-631-8500, ext. 1410, to make reasonable arrangements to ensure accessibility to this Meeting. For the hearing impaired, requests can be made via the California Relay Service at the numbers below:

TTY: 1-800-735-2929

Voice: 1-800-735-2922

Spanish: 1-866-734-2766

Speech to Speech: 1-866-734-2305

Requests for assistance should be made at least two (2) days in advance whenever possible. This is to certify that this Agenda was posted at: The Housing and Opportunity Foundation of Kern's office, located at: 601 -24th Street, Bakersfield, CA 93301, on July 9, 2021. Documents submitted to a majority of the Foundation Directors fewer than 72 hours prior to a public meeting are available for public inspection at the public counter of the Housing and Opportunity Foundation of Kern's office, located at: 601 – 24th Street, Bakersfield, CA 93301, as soon as they are distributed to Foundation Directors.

H. Kimmel

Housing & Opportunity Foundation of Kern

Agenda Item Submission Sheet

Date: November 8, 2023

TITLE: 2023 Financial Statement

SUBMITTED BY: Heather Kimmel

SUPPORTING DATA: Draft Financial Report

NARRATIVE:

The Housing and Opportunity Foundation of Kern (HOFK) has completed another successful year and maintained a stable financial position. Attached are the Audited Financial Report.

In summary:

Category	FY 2022	FY 2023
Change in net assets	\$55,294	\$42,668
Net increase in cash	\$34,300	\$89,723
Functional Expenses	\$222,044	\$290,941
In-Kind	\$126,280	\$139,105
Total Financial Assets	\$362,596	\$437,465



FINANCIAL REPORT
(REVIEWED)

June 30, 2023

DRAFT



DANIELLS PHILLIPS
VAUGHAN & BOCK
CPAs and Advisors

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Housing and Opportunity Foundation of Kern
Bakersfield, California

We have reviewed the accompanying financial statements of **Housing and Opportunity Foundation of Kern** (the Organization), which comprise the statements of financial position as of June 30, 2023 and 2022, the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

[DATE]

HOUSING AND OPPORTUNITY FOUNDATION OF KERN

STATEMENTS OF FINANCIAL POSITION

June 30, 2023 and 2022

See Independent Accountant's Review Report

	2023	2022
ASSETS		
Current Assets		
Cash	\$ 437,465	\$ 347,742
Accounts receivable	-	14,854
Total assets	\$ 437,465	\$ 362,596
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 1,913	\$ 1,338
Due to related party (Note 3)	19,000	-
Total current liabilities	20,913	1,338
Net Assets		
Without donor restrictions	276,596	210,460
With donor restrictions (Note 4)	139,956	150,798
Total net assets	416,552	361,258
Total liabilities and net assets	\$ 437,465	\$ 362,596

See Notes to Financial Statements.

HOUSING AND OPPORTUNITY FOUNDATION OF KERN

STATEMENTS OF ACTIVITIES

Years Ended June 30, 2023 and 2022

See Independent Accountant's Review Report

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:						
Contributions:						
Cash	\$ -	\$ 60,000	\$ 60,000	\$ -	\$ 30,000	\$ 30,000
In-kind (Notes 1 and 3)	139,105	-	139,105	126,280	-	126,280
	<u>139,105</u>	<u>60,000</u>	<u>199,105</u>	<u>126,280</u>	<u>30,000</u>	<u>156,280</u>
Special events	147,130	-	147,130	108,432	-	108,432
Net assets released from restrictions	70,842	(70,842)	-	66,153	(66,153)	-
Total support and revenues	<u>357,077</u>	<u>(10,842)</u>	<u>346,235</u>	<u>300,865</u>	<u>(36,153)</u>	<u>264,712</u>
Expenses:						
General and administrative	118,799	-	118,799	91,025	-	91,025
Fundraising	75,587	-	75,587	42,362	-	42,362
Program services	96,555	-	96,555	88,657	-	88,657
Total expenses	<u>290,941</u>	<u>-</u>	<u>290,941</u>	<u>222,044</u>	<u>-</u>	<u>222,044</u>
Change in net assets	66,136	(10,842)	55,294	78,821	(36,153)	42,668
Net assets, beginning	210,460	150,798	361,258	131,639	186,951	318,590
Net assets, ending	<u>\$ 276,596</u>	<u>\$ 139,956</u>	<u>\$ 416,552</u>	<u>\$ 210,460</u>	<u>\$ 150,798</u>	<u>\$ 361,258</u>

See Notes to Financial Statements.

HOUSING AND OPPORTUNITY FOUNDATION OF KERN

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2023 and 2022

See Independent Accountant's Review Report

	2023	2022
Cash Flows From Operating Activities		
Change in net assets	\$ 55,294	\$ 42,668
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	14,854	(5,593)
Increase (decrease) in:		
Accounts payable	575	(2,775)
Due to related party	19,000	-
Net cash provided by operating activities -	89,723	34,300
Net increase in cash		
Cash:		
Beginning	347,742	313,442
Ending	<u>\$ 437,465</u>	<u>\$ 347,742</u>

See Notes to Financial Statements.

HOUSING AND OPPORTUNITY FOUNDATION OF KERN

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended June 30, 2023 and 2022

See Independent Accountant's Review Report

	2023				2022			
	General and Administrative	Fundraising	Program Services	Total	General and Administrative	Fundraising	Program Services	Total
Salaries	\$ 77,462	\$ 29,810	\$ 31,833	\$ 139,105	\$ 70,556	\$ 26,941	\$ 28,777	\$ 126,274
Special events	-	45,777	-	45,777	-	15,421	-	15,421
Direct assistance to individuals	-	-	40,417	40,417	-	-	49,880	49,880
Scholarships	-	-	24,305	24,305	-	-	10,000	10,000
Bad debts	23,525	-	-	23,525	-	-	-	-
Supplies and materials	9,268	-	-	9,268	13,352	-	-	13,352
Professional fees	5,855	-	-	5,855	5,580	-	-	5,580
Insurance	1,160	-	-	1,160	1,160	-	-	1,160
Marketing and advertising	895	-	-	895	-	-	-	-
Other	634	-	-	634	377	-	-	377
	<u>\$ 118,799</u>	<u>\$ 75,587</u>	<u>\$ 96,555</u>	<u>\$ 290,941</u>	<u>\$ 91,025</u>	<u>\$ 42,362</u>	<u>\$ 88,657</u>	<u>\$ 222,044</u>

See Notes to Financial Statements.

HOUSING AND OPPORTUNITY FOUNDATION OF KERN

NOTES TO FINANCIAL STATEMENTS

See Independent Accountant's Review Report

Note 1. Nature of Organization and Significant Accounting Policies

Nature of organization: **Housing and Opportunity Foundation of Kern**, (the Organization), is a private nonprofit organization whose mission is to empower families to become self-sufficient and improve their quality of life. The Organization raises funds from the general public to support programs and activities that benefit residents of the Housing Authority of the County of Kern properties, as well as other low-income residents in Kern County.

A summary of the Organization's significant accounting policies follows:

Basis of presentation: The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

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 the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

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 the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increase in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Measure of operations: The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing activities.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses, including functional allocations, during the reporting period. Actual results could differ from those estimates.

Cash: The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash.

Support and expenses: Contributions received are measured at fair value and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, 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. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions.

HOUSING AND OPPORTUNITY FOUNDATION OF KERN

NOTES TO FINANCIAL STATEMENTS

See Independent Accountant's Review Report

Contributed services are recognized when the Organization would typically purchase such services if they require specialized skills and the contributor possesses such skills.

Donated materials and services: Administrative salaries of \$139,105 and \$126,280 for the years ended June 30, 2023 and 2022, respectively, have been donated to the Organization and have been included in in-kind revenue and administrative salaries.

A substantial number of volunteers have donated significant amounts of their time in the Organization's program services and in its fundraising campaigns. These donated services are not reflected in the financial statements since the services do not meet the requirements for recognition.

Functional allocation of expenses: The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statements of activities and statements of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited. Indirect expenses, such as salaries are allocated based on management's estimate of hours spent on the programs and activities.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct its fundraising activities in conjunction with its other activities. Additionally, advertising costs of \$895 and \$0 for the years ended June 30, 2023 and 2022, respectively, are expensed as incurred.

Income taxes: The Organization is exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code and related Franchise Tax Board code sections. As a not-for-profit organization, The Organization is subject to unrelated business income tax (UBIT), if applicable. For the tax years ended June 30, 2023 and 2022 the Organization did not owe any UBIT.

The Organization has adopted the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods.

Management evaluated the Organization's tax positions and concluded that they had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

Reclassifications: Certain items in the 2022 financial statements have been reclassified to conform to the 2023 presentation with no effect on change in net assets.

Subsequent events: Management has evaluated subsequent events through **DATE**, the date on which the financial statements were available to be issued. There are no subsequent events considered material by management that would require disclosure in the financial statements.

HOUSING AND OPPORTUNITY FOUNDATION OF KERN

NOTES TO FINANCIAL STATEMENTS

See Independent Accountant's Review Report

Note 2. Financial Assets and Liquidity Resources

The following table reflects the Organization's financial assets as of June 30, 2023 and 2022, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when they represent funds held for other agencies and net assets with donor restrictions:

	2023	2022
Financial assets at year end:		
Cash	\$ 437,465	\$ 347,742
Accounts receivable	-	14,854
Total financial assets	437,465	362,596
Less amounts not available to be used within one year:		
Net assets with donor restrictions	139,956	150,798
Financial assets available to meet general expenditures over the next twelve months	\$ 297,509	\$ 211,798

The Organization's goal is generally to maintain financial assets to meet five months of operating expenses to be held in reserves. Current financial assets available to meet general expenditures is \$321,034, which represents approximately eleven months of operations.

Note 3. Transactions with Related Parties

The Organization was established by the Housing Authority of the County of Kern (Housing Authority). Two of its Board members are Board members of the Housing Authority, and the Executive Director and Finance Director are Housing Authority employees. As such, the Housing Authority is a related party to the Organization. During the years ended June 30, 2023, and 2022 the Organization received in-kind contributions for administrative salaries from the Housing Authority in the amount of \$139,105 and \$126,280, respectively. The salaries and related benefits were allocated to the Organization based on the percentage of time each individual employee involved worked on administration of programs or fundraising for the Organization. The Organization also has a payable due to the Housing Authority of \$19,000 at June 30, 2023.

Note 4. Net Assets with Donor Restrictions

Net assets with donor restrictions represent contributions that are available for the following purposes at June 30, 2023 and 2022:

	2023	2022
Housing Counseling Programs	\$ 93,733	\$ 67,628
Helping Hands Fund	24,024	31,426
Job Search and Education Programs	22,199	51,744
	\$ 139,956	\$ 150,798

Housing & Opportunity Foundation of Kern

Agenda Item Submission Sheet

Date: October 17, 2023

TITLE: Authorization to Recommend the Reappointment of Gabriela Mello, Max Bacerra, and Raju Jassar to the Board of Directors for a Three-Year Term

SUBMITTED BY: Heather Kimmel

SUPPORTING DATA:

NARRATIVE:

Gabriela Mello, Max Bacerra, and Raju Jassar's term as board members are set to expire October of 2023. All three members are active participants of our Foundation and their contributions have been invaluable.

I am recommending the reappointment of all three to the HOFK Board of Directors to serve another three-year term. If approved, the recommendation will go to the Housing Authority of the County of Kern's Board of Commissioners for consideration and appointment on April 26, 2023.

Housing & Opportunity Foundation of Kern

Agenda Item Submission Sheet

Date: October 17, 2023

TITLE: Authorization to Form a Finance Committee

SUBMITTED BY: Heather Kimmel

SUPPORTING DATA:

NARRATIVE:

We are requesting the formation of a Finance Committee to assist the Executive Director and CFO in completing two items:

1. Researching high yield savings options for HOFK reserve balances to be presented to the board for approval
2. Developing a streamlined financial reporting format to be included in future board packets

This committee should be comprised of at least two board members, and is scheduled to meet four times from now until the end of December.