Ventura County Community Foundation and Subsidiary

Consolidated Financial Statements
and Supplementary Information

September 30, 2020
(With Comparative Totals for 2019)

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Ventura County Community Foundation and Subsidiary
Camarillo, CA

We have audited the accompanying consolidated financial statements of Ventura County Community Foundation and Subsidiary (a California nonprofit corporation) (the "Foundation"), which comprise the consolidated statement of financial position as of September 30, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ventura County Community Foundation and Subsidiary as of September 30, 2020, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 2 to the consolidated financial statements, the Foundation has adopted Financial Accounting Standards Board Accounting Standards Update ("ASU") 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Made*. Our opinion is not modified with respect to this matter.

Emphasis of Matter

As discussed in Note 17 to the consolidated 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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The information on pages 32 - 33 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Ventura County Community Foundation and Subsidiary's 2019 consolidated financial statements, and our report dated January 27, 2020 expressed an unmodified opinion on those audited consolidated financial statements. As part of our audit of the 2020 financial statements, we also audited the adjustments to the 2019 financial statements to apply the change in accounting principle discussed above. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2019, adjusted for the change in accounting principle discussed above, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived. Also, in our opinion, such adjustments are appropriate and have been properly applied.

Armanino LLP

Armanino[LLP]
Los Angeles, California

March 3, 2021

Ventura County Community Foundation and Subsidiary
Consolidated Statement of Financial Position
September 30, 2020
(With Comparative Totals for 2019)

	2020	2019
ASSETS		
Cash and cash equivalents	$ 11,632,101	$ 4,268,880
Contributions receivable	5,026,575	3,787,666
Prepaid and other assets	490,641	344,405
Investments	138,070,163	130,411,674
Planned giving	660,342	685,443
Fixed assets, net of accumulated depreciation	8,580,716	8,771,258
Total assets	$ 164,460,538	$ 148,269,326
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 496,763	$ 331,868
Refundable advance (Paycheck Protection Program)	24,357	-
Grants payable	569,190	340,414
Notes payable	6,517,309	6,419,359
Funds held as agency endowments	19,028,777	15,101,916
Planned giving liability	339,116	355,105
Tenant security deposits	61,076	58,599
Deferred revenue (Note 6)	7,105,000	1,701
Interest rate swap liability	105,866	-
Total liabilities	34,247,454	22,608,962
Commitments and contingencies (Note 13)		
Net assets		
Without donor restrictions		
Funds under management	115,434,383	111,762,185
General	5,673,493	4,766,667
Total without donor restrictions	121,107,876	116,528,852
With donor restrictions	9,105,208	9,131,512
Total net assets	130,213,084	125,660,364
Total liabilities and net assets	$ 164,460,538	$ 148,269,326

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

Ventura County Community Foundation and Subsidiary
Consolidated Statement of Activities
For the Year Ended September 30, 2020
(With Comparative Totals for 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
Revenues, gains and other support				
Revenue and other support				
Contributions, grants and bequests	$ 1,910,429	$ 15,750,731	$ 17,661,160	$ 28,140,045
Rental income	810,821	-	810,821	754,192
Paycheck Protection Program grant	161,643	-	161,643	-
Other revenue	277,808	-	277,808	243,349
Total revenue and other support	3,160,701	15,750,731	18,911,432	29,137,586
Investment return, net of expenses	8,811,942	172,520	8,984,462	3,224,453
Net assets released from restriction	15,949,555	(15,949,555)	-	-
Total revenues, gains, and other support	27,922,198	(26,304)	27,895,894	32,362,039
Functional expenses				
Program services				
Grantmaking and distributions	13,236,820	-	13,236,820	12,058,140
Other program services	8,836,637	-	8,836,637	1,186,146
Total program services	22,073,457	-	22,073,457	13,244,286
Supporting services				
Management and general	946,931	-	946,931	694,772
Fundraising	216,920	-	216,920	267,517
Donor services	-	-	-	428,866
Total support services	1,163,851	-	1,163,851	1,391,155
Total functional expenses	23,237,308	-	23,237,308	14,635,441
Change in net assets from operations	4,684,890	(26,304)	4,658,586	17,726,598
Non-operating				
Change in value of interest rate swap	105,866	-	105,866	-
Change in net assets	4,579,024	(26,304)	4,552,720	17,726,598
Net assets, beginning of year	116,528,852	9,131,512	125,660,364	107,933,766
Net assets, end of year	$121,107,876	$ 9,105,208	$130,213,084	$125,660,364

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

Ventura County Community Foundation and Subsidiary
Consolidated Statement of Functional Expenses
For the Year Ended September 30, 2020
(With Comparative Totals for 2019)

	Program Services			Supporting Services				
	Grantmaking and Distributions	Other Program Services	Total Program Services	Management and General	Fundraising	Total Support Services	2020 Total	2019 Total
Personnel expenses								
Salaries and wages	$ 439,676	$ 410,780	$ 850,456	$ 378,505	$ 135,097	$ 513,602	$ 1,364,058	$ 1,092,820
Retirement plan contributions	16,075	16,279	32,354	13,838	4,939	18,777	51,131	35,903
Payroll taxes	29,199	30,261	59,460	25,137	8,972	34,109	93,569	75,530
Employee benefits	22,254	29,895	52,149	19,157	6,838	25,995	78,144	67,871
Total personnel expenses	507,204	487,215	994,419	436,637	155,846	592,483	1,586,902	1,272,124
Accounting fees	-	2,100	2,100	51,242	-	51,242	53,342	63,335
Advertising and public relations	48,338	359,325	407,663	7,028	25,754	32,782	440,445	124,537
Bank charges	1,325	1,139	2,464	-	482	482	2,946	2,939
Depreciation and amortization	-	199,800	199,800	4,521	-	4,521	204,321	208,106
Grants	12,532,594	6,257,689	18,790,283	-	-	-	18,790,283	11,681,167
Information technology	52,268	4,227	56,495	29,587	13,454	43,041	99,536	92,463
Insurance	42,095	12,855	54,950	27,403	15,164	42,567	97,517	80,126
Interest expense	-	419,028	419,028	40,006	-	40,006	459,034	307,170
Legal fees	12,993	71,645	84,638	287,771	-	287,771	372,409	157,911
Miscellaneous	-	249	249	495	-	495	744	1,028
Office supplies	3,679	2,327	6,006	4,607	160	4,767	10,773	11,732
Life insurance	1,967	5,000	6,967	1,252	716	1,968	8,935	7,995
Other professional services	3,304	654,695	657,999	-	-	-	657,999	198,977
Printing and copying	4,313	10,129	14,442	2,664	1,570	4,234	18,676	8,014
Property management fees	-	35,357	35,357	-	-	-	35,357	32,948
Property taxes	-	6,454	6,454	-	-	-	6,454	6,917
Rent	-	-	-	4,045	-	4,045	4,045	3,875
Repairs and maintenance	-	186,130	186,130	7,883	-	7,883	194,013	192,910
Telephone	8,476	315	8,791	7,010	2,624	9,634	18,425	14,899
Training, membership and conferences	17,598	6,388	23,986	28,260	1,150	29,410	53,396	62,301
Travel	666	35	701	6,520	-	6,520	7,221	8,018
Utilities	-	114,535	114,535	-	-	-	114,535	95,949
	$ 13,236,820	$ 8,836,637	$ 22,073,457	$ 946,931	$ 216,920	$ 1,163,851	$ 23,237,308	$ 14,635,441

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

Ventura County Community Foundation and Subsidiary
Consolidated Statement of Cash Flows
For the Year Ended September 30, 2020
(With Comparative Totals for 2019)

	2020	2019
Cash flows from operating activities		
Change in net assets	$ 4,552,720	$ 17,726,598
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	204,321	208,106
Realized and unrealized gains on investments	(8,565,299)	(1,806,104)
Prepayment penalty on refinanced note payable	92,000	-
Write off of refinanced note payable discount	75,828	-
Amortization of note payable discount	311	-
Unrealized loss on interest rate swap	105,866	-
Changes in operating assets and liabilities		
Increase in contributions receivable, net	(1,238,909)	(1,001,666)
Increase in prepaid and other current assets	(146,236)	(125,954)
Decrease in planned giving and other assets	25,101	7,311
Increase in accounts payable and accrued expenses	164,895	76,308
Increase in refundable advance (Paycheck Protection Program)	24,357	-
Increase (decrease) in grants payable	228,776	(79,028)
Increase in funds held as agency endowment	3,926,861	1,495,599
Decrease in planned giving liability	(15,989)	(10,746)
Increase in tenant security deposits	2,477	4,249
Increase in deferred revenue	7,103,299	-
Net cash provided by operating activities	6,540,379	16,494,673
Cash flows from investing activities		
Purchases of investments	(18,811,525)	(88,414,104)
Proceeds from sales of investments	19,718,335	74,263,846
Purchases of fixed assets	(13,779)	(2,653)
Net cash provided by (used in) investing activities	893,031	(14,152,911)
Cash flows from financing activities		
Extinguishment of refinanced note payable	(4,495,187)	(61,089)
Prepayment penalty on refinanced note payable	(92,000)	-
Proceeds from issuance of note payable	4,575,000	-
Principal payments on note payable	(28,125)	-
Payment of debt issuance costs	(29,877)	-
Net cash used in financing activities	(70,189)	(61,089)
Net increase in cash and cash equivalents	7,363,221	2,280,673
Cash and cash equivalents, beginning of year	4,268,880	1,988,207
Cash and cash equivalents, end of year	$ 11,632,101	$ 4,268,880

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

Ventura County Community Foundation and Subsidiary
Consolidated Statement of Cash Flows
For the Year Ended September 30, 2020
(With Comparative Totals for 2019)

	2020	2019
Supplemental disclosure of cash flow information		
Cash paid during the year interest	$ 459,034	$ 307,170

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

1. NATURE OF OPERATIONS

Ventura County Community Foundation (the "Foundation"), was formed to provide a vehicle through which contributions and bequests can be made for charitable and related purposes, primarily in Ventura County, enabling and promoting philanthropy to improve our communities, with the provision that these funds would be administered and distributed by an independent organization. The Foundation is a fiduciary over more than 600 individual funds, each established with a gift instrument describing either the general or specific purpose for which grants are made.

Additionally, the Foundation is the sole member of the VCCF Nonprofit Center LLC ("VCNC"), which houses 12 nonprofit organizations and provides conference room space to over 3,000 nonprofits in its community and is described more fully in Note 2.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Change in accounting principle

The Foundation has adopted Financial Accounting Standards Board ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Made.* That standard clarifies guidance about whether funds received from contracts and grants are contributions or exchange transactions. The standard further provides that when both a barrier to be overcome and a right of return exist, a donor-imposed condition exists and contribution revenue should not be recognized until the condition has been met. A probability assessment about whether the recipient is likely to meet the stipulation is not a factor when determining whether an agreement contains a barrier. The Foundation has adopted the standard on a modified prospective basis, meaning that it has been applied to all arrangements that were not completed as of September 30, 2019, or were entered into after that date. There were no changes to opening net assets as a result of adopting this accounting principle.

The Foundation has also elected to adopt ASU 2020-05, *Revenue from Contracts with Customers* (Topic 606) and *Leases* (Topic 842): *Effective Dates for Certain Entities*. This standard allows the Foundation to delay adopting Topic 606 and Topic 842 until the years ending September 30, 2021 and 2022, respectively.

Basis of accounting and financial statement presentation

The accompanying consolidated financial statements of the Foundation have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S GAAP").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation

VCCF Nonprofit Center, LLC is a wholly-owned subsidiary of the Foundation whose primary operating asset is an office building located in Camarillo, California, serving as the VCCF Nonprofit Center, the Foundation's offices, and the VCCF resource library. The Foundation's investment in the VCCF Nonprofit Center utilized 83% of the Cornerstone Administrative funds, whose designated purpose was to support the operations of the Foundation and the VCCF resource library. Returns from the building are allocated to the Cornerstone Administrative funds (at approximately 63%) and to the Foundation (at approximately 37%) representing the proportionate share of their full investments, respectively. The accounts of VCCF Nonprofit Center, LLC are included in these financial statements. The Foundation has eliminated all material intercompany accounts and transactions.

Supporting organization

The Foundation works with one supporting organization, the Martin V. and Martha K. Smith Foundation (the "Smith Foundation"). The Foundation appoints a majority of the members of the governing board of the Smith Foundation. The Smith Foundation's governing board may create its own investment policy and grant guidelines. The assets of the Smith Foundation are under management by the Foundation and totaled $11,298,025 at September 30, 2020. Currently, the Foundation has the option of including the assets, liabilities, and activities of the Smith Foundation within its consolidated financial statements but has opted not to. In 2028, the Foundation will obtain an economic interest in the Smith Foundation and will be required to include the activities of the Smith Foundation within its consolidated financial statements.

Classification of net assets

The Foundation reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Classification of net assets (continued)

- *Net assets without donor restrictions* - Includes contributions with no donor-imposed restrictions. Contributions with donor-imposed restrictions that are subject to the variance power established by the Foundation's governing documents are also considered without donor restrictions. The variance provision gives the Board of Directors (the "Board") the power to modify any restriction placed on gifts to the Foundation that become incapable of fulfillment or is no longer consistent with the charitable needs of the community. Accordingly, unless time restrictions have been imposed on contributions, net assets are generally classified as without donor restrictions. It is the Foundation's policy that, absent contrary explicit directions in the transferring instrument from the donor regarding the use of the principal, all or part of the principal of any fund may be used subject to certain conditions, including the approval of the Board consistent with all legal requirements. These funds have been separated as "Funds Under Management" in net assets without donor restrictions on the consolidated statement of financial position. Contributions with donor-imposed restrictions that are met during the same fiscal year as the contribution is made are included as without donor restriction support that net assets without donor restrictions.

- *Net assets with donor restrictions* - (See Note 11): These are 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 that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Investment income generated from perpetually donor restricted net assets is temporarily donor restricted by law until appropriated by the Board in support of the purpose of each fund and in accordance with the Foundation's programs and operations. The Foundation's perpetually donor restricted net assets consist of contributions from and related activity of perpetual funds not subject to the variance power and held by the Foundation as defined under the Uniform Prudent Management of Institutional Funds Act ("UPMIFA").

Classifications on fund basis

Within net assets, the Foundation has further classified its funds as:

- Endowed - Consists of funds for various purposes, mostly subject to the variance power and are all governed by UPMIFA, that are intended to last in perpetuity. These funds are invested in the Foundation's investment pool and are subject to the Foundation's spending policy which provides for a specific appropriation for distribution on an annual basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Classifications on fund basis (continued)

- Quasi-endowed – Consists of funds for particular purposes, subject to the variance power, that were established with the intent that they are available to be spent at any time if so desired, but are intended to be long term assets of the Foundation. These funds are invested in the Foundation's investment pool.
- Pass-through – Consists of donor-advised funds for particular purposes, subject to a variance power, that were established with the intent that they would be spent within 12 to 18 months and are held in a money market fund.

Within these classifications there are additional types of funds:

- Advised funds – The Foundation offers several types of funds that enable donors to identify funding opportunities aligned with their values and charitable interest. Donor advised funds allow donors to recommend grant recipients, subject to the Foundation's due diligence and approval. At September 30, 2020, total advised funds included within net assets was $27,408,798.
- Agency and Designated Funds – The Foundation receives and distributes assets under certain agency and intermediary arrangements. U.S. GAAP establishes standards for transactions in which a recipient organization accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets, or both, to another entity that is specified by the donor. U.S. GAAP requires that if a not-for-profit organization establishes a fund at a recipient organization with its own funds and specifies itself or its affiliate as the beneficiary of that fund (Agency Funds), the recipient organization must account for the transfer of such assets as a liability. The liability is reflected under funds held as agency endowments on the accompanying consolidated statement of financial position. In addition, related amounts received or distributed, investment income or loss, and expenses are presented separately in the accompanying consolidated statement of activities. At September 30, 2020, total agency funds included within funds held as agency endowments on the consolidated statement of financial position were $19,028,777. The Foundation also receives and distributes assets contributed by donors to benefit specific not-for-profit organization(s). These funds (Designated Funds) differ from Agency Funds as they are established by the donor and not established by the not-for-profit organization. At September 30, 2020, total designated funds included within net assets were $31,778,917.
- Board-designated endowment – These funds were previously donor-advised and currently do not have a donor-advisor so the Board of the Foundation acts as the advisor. At September 30, 2020, total board-designated endowment funds included within net assets was $14,117,923.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Classifications on fund basis (continued)

- Field of Interest – These funds enable donors to identify a broad charitable purpose or a category of interest (e.g., arts, education or human services) and/or geographic area or target population (e.g., senior citizens, children and youth or immigrants). At September 30, 2020, total field of interest funds included within net assets was $26,506,020.
- General – Unrestricted funds that are available for operations of the Foundation. At September 30, 2020, total general funds included within net assets was $5,673,495.
- Planned giving – These include charitable remainder trusts, charitable gift annuities, life insurance and pooled income funds. At September 30, 2020, total planned giving funds included within net assets was $304,234.
- Scholarship funds – The Foundation administers a scholarship program. The majority are designed for current or former residents of Ventura County. At September 30, 2020, total scholarship funds included within net assets was $23,224,770.
- Regranting funds – In response to a wide variety of community needs, the Foundation establishes funds to collect and distribute resources for a specific purpose. Regranting funds under management included within net assets totaled $1,198,922 at September 30, 2020.

Income tax status

The Foundation is a nonprofit public benefit corporation organized under the laws of California and, as such, is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC") and corresponding state provisions.

The consolidated financial statements also contain VCNC, a single member limited liability company that is taxed as a partnership under the IRC. Taxable income of VCNC is passed through to its member and reported on their respective income tax return.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain amounts and disclosures. It is at least reasonably possible that the significant estimates could change in the coming year and accordingly, actual results could differ from those estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates (continued)

Significant estimates used in the preparation of these consolidated financial statements include:

- Allocation of certain expenses by function
- Discount factors used in determining pledges receivable and annuities payable by charitable trusts
- Allowance for contributions receivable
- Fair market value of assets held by charitable trusts
- Fair market value of certain investments
- Depreciable lives of property and equipment

Cash and cash equivalents

For purposes of the consolidated statement of cash flows, the Foundation considers all highly liquid financial instruments purchased with an original maturity of three months or less to be cash equivalents. There are additional cash and cash equivalents in the investment portfolio that are part of the strategic investment allocation as advised by the Foundation's investment consultant and approved by the Investment Committee and the Foundation's full board. These are detailed in Note 3.

Contributions and contributions receivable

Contributions received are recorded at their fair value on the date of donation. Unconditional promises to give are recognized as revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Foundation routinely assesses the financial strength of its donors and records an allowance for potentially uncollectible accounts when deemed necessary. At September 30, 2020, management anticipates collecting all receivables and has not established an allowance for doubtful accounts. All contributions receivables are expected to be collected within one year from September 30, 2020.

Investments

Investments are monitored by the Board of Directors' investment oversight committee and are stated at fair value. Unrealized gains and losses are recognized aggregately. Realized gains and losses are recognized immediately and are computed using the specific identification method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fixed assets

Purchases of fixed assets are recorded at cost. Donated items are recorded at fair value when received.

Depreciation and amortization on both purchased and donated items are recorded using the straight-line method over the shorter of the estimated useful life of the related asset or the term of the lease for leasehold improvements as follows:

Buildings	40 years
Furniture and equipment	5 - 7 years
Leasehold improvements	5 years

Normal repairs and maintenance are expensed as incurred, whereas significant charges which materially increase values or extend useful lives are capitalized and depreciated or amortized over the estimated useful lives of the related assets.

Depreciation and amortization for the year ended September 30, 2020 was $204,321.

Impairment of long-lived assets

Management reviews each asset or asset group for impairment whenever events or circumstances indicate that the carrying value of an asset or asset group may not be recoverable. During the year ended September 30, 2020, the Foundation determined that no assets were impaired.

Grants and grants payable

Grants are recorded as expenses when they are recommended by the donor and the Board approves grants retrospectively, subject to the due diligence process of the Foundation. For funds held to benefit specific Agencies, the Board approves those grants at the beginning of the fiscal year, and those are recorded as expenses when they are requested by the Agency. The grants included in the grants payable balance at September 30, 2020 are all scheduled to be paid during the fiscal year ended September 30, 2021.

Concentrations

The Foundation cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At times during the year, cash in these accounts may exceed the federally insured amounts. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

The Foundation maintains a majority of its investment cash balances in money market funds. Such balances are not fully insured.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentrations (continued)

A majority of the donors to the Foundation are from Ventura County.

Donated services

Donated goods and services received by the Foundation are recorded at fair market value at the time of the donation. During the fiscal year ended September 30, 2020, approximately one hundred volunteers gave their time and expertise to the Foundation in a wide variety of areas including service on the Board; grants and scholarship committees; administrative, technical and financial advice; and office and public relations activities. This contribution, despite its considerable value to the mission of the Foundation, is not reflected in the financial statements.

Donated property and investments

Donated property and investments are recorded as contributions at their fair market value at date of receipt.

Functional expenses

The Foundation allocated its expenses on a functional basis among its various program and support services. Expenses that can be identified with a specific program or support service are allocated directly according to their functional classification. Expenses that are common to several functions are allocated based on the number of full-time equivalent employees working in each functional area, since the benefit received is most closely related to the time spent by the employees.

Reclassifications

Certain 2019 balances have been reclassified in order to conform to the 2020 presentation.

Subsequent events

The Foundation has evaluated events subsequent to September 30, 2020, to assess the need for potential recognition or disclosure in the consolidated financial statements. Such events were evaluated through March 3, 2021, the date which the financial statements were available to be issued. Based upon this evaluation it was determined no subsequent events occurred that require recognition or additional disclosure in the consolidated financial statements.

3. FAIR VALUE MEASUREMENT

Accounting Standards Codification (ASC) 820, Fair Value Measurement and Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

- *Level 1* - Quoted prices in active markets for identical assets or liabilities.
- *Level 2* - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active market that are not active; discounted cash flows; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- *Level 3* - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities; including general partner estimates and recent third-party appraisals.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of September 30, 2020:

	Level 1	Level 2	Level 3	Fair Value
Cash and cash equivalents	$ 6,233,941	$ -	$ -	$ 6,233,941
Fixed income composite	23,171,379	2,646,231	-	25,817,610
Hedge fund composite	-	-	12,744,326	12,744,326
Non-U.S. equity composite	32,450,918	-	-	32,450,918
Private equity composite	-	-	8,342,266	8,342,266
Real asset composite	6,279,512	-	-	6,279,512
U.S. equity composite	46,201,590	-	-	46,201,590
	114,337,340	2,646,231	21,086,592	138,070,163
Life insurance	-	273,086	-	273,086
Planned giving	-	387,256	-	387,256
	$ 114,337,340	$ 3,306,573	$ 21,086,592	$ 138,730,505

Life insurance and planned giving are included within planned giving on the consolidated statement of financial position.

3. FAIR VALUE MEASUREMENT (continued)

The following table provides a reconciliation of assets measured at fair value using significant unobservable inputs (Level 3) during the year ended September 30, 2020:

	Beginning of Year	Purchases	Sales	Net Returns	End of Year
Hedge fund composite	$ 11,552,433	$ -	$ (48,369)	$ 1,240,262	$ 12,744,326
Private equity composite	7,663,593	2,002,237	(1,464,157)	140,593	8,342,266
	$ 19,216,026	$ 2,002,237	$ (1,512,526)	$ 1,380,855	$ 21,086,592

Limited partnerships holding publicly traded securities, limited partnerships holding real estate, and private equity holdings are recorded at estimated fair value based on the net asset value of the Foundation's ownership interest in the partners' capital, which includes assumptions and methods that were prepared by the general partner of the limited partnerships and were reviewed by the Foundation's management. The Foundation believes that the reported amounts for these investments are a reasonable estimate of fair value at September 30, 2020.

4. INVESTMENTS

The following schedule summarizes the investment returns for non-agency and agency funds in the consolidated statement of activities and the consolidated statement of financial position, respectively, for the year ended September 30, 2020:

	Non-agency (VCCF)	Agency	Total
Investment earnings			
Net realized gains	$ 595,078	$ 73,340	$ 668,418
Net unrealized gains	6,703,108	1,193,773	7,896,881
Dividends and interest	2,084,325	282,204	2,366,529
	9,382,511	1,549,317	10,931,828
Investment expense	(398,049)	(56,112)	(454,161)
	$ 8,984,462	$ 1,493,205	$ 10,477,667

The amounts reported above under "Agency" reflect the investment earnings and fees related to the funds held as agency endowments and are accounted for as changes to the funds held as agency endowments liability.

4. INVESTMENTS (continued)

In seeking to attain the investment objectives set forth in the governing investment policy, the Board exercises prudence and appropriate care in accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA requires fiduciaries to apply the standard of prudence in investment decision making, stating "Management and investment decisions about an individual asset must be made not in isolation but rather in the context of the institutional fund's Portfolio…" All investment actions and decisions must be based solely on the interest of the Foundation. Fiduciaries must provide full and fair disclosure to the Board of all material facts regarding any potential conflicts of interests.

5. PLANNED GIVING

Planned giving consisted of the following:

Charitable gift annuities	$ 387,256
Cash surrender value of life insurance	273,086
	$ 660,342

Charitable gift annuities

Donors have contributed assets to the Foundation in exchange for a promise by the Foundation to pay to the donor or to individuals or organizations designated by the donor a fixed amount for a specified period of time. Under the terms of the charitable gift annuity agreements, no trust exists, as the assets received are held by, and the liability is an obligation of, the Foundation. The present value of payments to beneficiaries under these arrangements is calculated using discount rates representing risk-free rates in existence at the date of the gift. The liability ("planned giving liability" - see below) is the value of the annuity contract as determined by Section 72 of the Internal Revenue Code and the tax tables thereunder. Charitable gift annuities are included within other assets on the consolidated statement of financial position.

Charitable remainder trusts

The Foundation is the residual beneficiary of irrevocable trusts, which may be earmarked for restricted purposes and/or other agencies, the assets of which are not in the possession of the Foundation. Upon termination of each trust, the Foundation shall receive some portion of the assets remaining in the trust. The Foundation recognizes annually the change in the present value of the estimated future benefits to be received when the trust assets are distributed as increases or decreases in the value of split-interest agreements on the Statements of Activities. Charitable remainder trusts are included within other assets on the consolidated statement of financial position.

6. FEDERAL, STATE AND LOCAL AWARDS

The County of Ventura has selected the Foundation to administer the business assistance grants program, funded using Federal CARES Act funds. The Foundation is a subrecipient. In addition, the Foundation was chosen by the City of Camarillo to administer their Business Recovery Grant Program, funded from the City's general fund reserves. Due to the Federal requirements on the County funds and the grant requirements from the City's funds, these awards are accounted for as conditional grants. For the year ended September 30, 2020, the Foundation was awarded $11,000,000 that were subject to specific performance barriers. As of September 30, 2020, the Foundation had not achieved those performance barriers on $7,105,000 which is reflected as deferred revenue in the accompanying consolidated financial statements. The Foundation has subsequently expended or returned substantially all of these funds.

The Foundation also received a $1,940,000 grant from the State of California and the County of Ventura to support the 2020 Census Complete Count efforts. That project was substantially complete as of September 30, 2020. Some private entities also contributed funds for this program.

7. FIXED ASSETS

Fixed assets consisted of the following:

Land	$ 2,185,000
Buildings	7,879,841
Furniture and equipment	470,068
Leasehold improvements	124,931
	10,659,840
Accumulated depreciation and amortization	(2,079,124)
	$ 8,580,716

8. REFUNDABLE ADVANCE (PAYCHECK PROTECTION PROGRAM)

On May 8, 2020, the Foundation received loan proceeds of $186,000 from a promissory note issued by a financial institution under the Paycheck Protection Program ("PPP") established under the Coronavirus Aid, Relief and Economic Security ("CARES") Act and is administered by the U.S. Small Business Administration. The term of the loan is five years and the annual interest rate is 1.00%. Payments of principal and interest are deferred for the first ten months of the loan. Under the terms of the CARES Act, PPP loan recipients can apply for and be granted forgiveness for all or a portion of the loans granted under PPP. The Foundation has applied for forgiveness and is waiting on a response.

8. REFUNDABLE ADVANCE (PAYCHECK PROTECTION PROGRAM) (continued)

The Foundation has elected a 24-week period to incur qualifying expenditures which ended in October 2020. Due to the requirement to maintain its headcount through the entire 24-week period, accounting guidance requires the Foundation to pro rate the amount of recognizable revenue by a factor equal to the number of weeks incurred prior to year-end by the total number of weeks in the qualifying period. During the year ended September 30, 2020, the Foundation recognized $161,643 as grant income, which is recorded as conditional grant revenue - PPP Loan on the statement of activities. The remaining $24,357 is recorded as refundable advance (Paycheck Protection Program) on the consolidated statement of financial position.

9. NOTES PAYABLE

Notes payable are detailed as follows:

Note payable to Citizens Business Bank in the original amount of $4,575,000, with interest at the monthly London Interbank Offered Rate ("LIBOR") rate plus 2.55%, secured by certain real property of the Foundation. The note payable matures in June 2045. Additionally, the Foundation has entered into an interest rate swap agreement (See Note 10). This note payable is subject to certain financial covenants that the foundation was in compliance with as of September 30, 2020.	$ 4,546,875
Unsecured Program Related Investment note payable to the Conrad Hilton Foundation. Interest only payments due quarterly at 2%. Note initially matured January 2019 and automatically renews for one-year increments through January 2024. Unpaid accrued interest and principal of $2,000,000 due at maturity.	2,000,000
	6,546,875
Less unamortized debt issuance costs	(29,566)
	$ 6,517,309

The future maturities of the notes payable are as follows:

Year ending September 30,	
2021	$ 116,421
2022	120,656
2023	125,046
2024	2,129,180
2025	134,295
Thereafter	3,921,277
	$ 6,546,875

9. NOTES PAYABLE (continued)

During 2020, the Foundation refinanced its Clearing House Community Development Financial Institution ("CDFI Note Payable") note payable with Citizens Business Bank ("CB Note Payable"). The refinance, in addition to the interest rate swap agreement, lowered the Foundation's interest rate on the CB Note Payable to 3.53% from 5.75% per annum, which results in the Foundation saving approximately $96,000 of interest expense every year for the next 24 years. In addition, the CB Note Payable is fully amortizing which saves the Foundation from having to make a $1,028,000 balloon payment at loan maturity. In order to secure this refinance, the Foundation had to pay $92,000 of prepayment penalties on the CDFI Note Payable and $29,877 of debt issuance costs for the CB Note Payable, which is included within interest expense in the accompanying statement of activities. Total interest expense on CB Note Payable and CDFI Note Payable for the year ended September 30, 2020 was $459,034, which includes the $92,000 prepayment penalty.

10. INTEREST RATE SWAP

The Foundation holds an interest rate swap agreement to effectively convert the interest rate of its CB Note Payable from variable to a fixed rate. The interest rate swap agreement is considered a derivative financial instrument but was not entered into for trading or speculative purposes. A non-operating gain or loss is included in the statement of activities, which represents the estimated change in the fair value of the interest rate swap based on it being marked to market. This represents an unrealized gain or loss and if the swap is held to maturity, as is intended, no gain or loss will be realized from the swap.

This financial instrument necessarily involves counterparty credit exposure. The counterparties for the swap transactions are major financial institution that meet the Foundation's criteria for financial stability and credit-worthiness. The agreement involves the exchange of floating and fixed-rate interest payments over the life of the agreement without an exchange of the underlying principal amount. The differential to be paid or received is recognized as an adjustment to interest expense related to the debt. The related amount payable to or receivable from the counterparty is recorded as a liability or asset in the accompanying consolidated statement of financial position. There was a $105,866 payable at September 30, 2020, which is included in the accompanying consolidated statement of financial position as interest rate swap liability. A non-operating loss of $105,866 to record the estimated change in fair value of the swap has been recorded for the year ended September 30, 2020.

The outstanding interest rate swap is on a notational amount of $4,575,000 with a fixed interest rate of 3.53% and a termination date of June 30, 2045.

11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

Subject to expenditure for specified purpose:	
Regranting	$ 1,847,368
Purpose restricted	427,193
Planned giving	292,008
	2,566,569
Time-restricted:	
Earnings on donor-restricted endowments not yet appropriated for spending	696,742
Subject to passage of time	4,696,166
	5,392,908
Donor-restricted endowment funds:	
Donor corpus restricted in perpetuity	1,145,731
	1,145,731
	$ 9,105,208

12. ENDOWMENTS

Interpretation of relevant law

The Foundation's governing board has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation retains the original value of all gifts to the donor-restricted endowment plus unspent accumulated earnings in accordance with the applicable donor gift instrument.

12. ENDOWMENTS (continued)

Interpretation of relevant law (continued)

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation.

Return objectives, risk parameters and strategies

Short-Term Portfolio - The Foundation offers a Short-Term Portfolio for funds or that portion of a fund that will be distributed in less than three years. The Short-Term Portfolio is intended to be invested in a manner consistent with the objectives of (i) maintaining the principal value of the invested assets, (ii) minimizing the potential that the principal value of assets will be impaired, and (iii) providing a liquid source of funds for distributions.

Due to the objective of preserving principal value of assets, the Short-Term Portfolio is expected to be invested exclusively in money market instruments and short-term fixed income securities such that the average credit quality of the portfolio is "A" or higher and the average duration of the portfolio is less than 24 months. Despite the intention to maintain principal value, the Board acknowledge that no securities with affiliated credit and/or interest rate risk are completely free of risk and principal losses may occur over short periods.

Long-Term Portfolio - The Long-Term Portfolio is designed for funds with an investment horizon of seven or more years. The primary investment objective of the Long-Term Portfolio is to achieve an annualized total return, net of fees and expenses, that is equal to or greater than the rate of inflation (as measured by the broad, domestic Consumer Price Index) plus any spending and investment expenses, such that purchasing power is maintained over time. The assets are to be managed in a manner that will meet the primary investment objective, while at the same time attempting to limit volatility in annual distributions. The primary objective of the portfolio may be expressed as:

Total Return greater than Consumer Price Index + Spending Policy + Investment Expenses

12. ENDOWMENTS (continued)

Return objectives, risk parameters and strategies (continued)

Given that this benchmark is not directly related to market performance, success or failure in achieving this goal should be evaluated over 10 to 20 years. A secondary objective is to achieve a total return in excess of the Policy Benchmark comprised of each strategic asset category benchmark weighted by its target allocation.

This portfolio has a broad target allocation of 50% equity, 20% fixed income and 30% alternative investments. It is designed for endowed funds and funds with a long-term spending horizon of seven or more years and is generally appropriate for funds intended to be fully expended over a donor's lifetime.

Spending policy and how investment objectives relate to spending policy

The purpose of the spending policy is to calculate the amount of money annually distributed from the Foundation's various endowment funds, for grant-making and administration. The primary objectives of the spending policy are to balance the interests of current and future beneficiaries by not over spending in the short-term or over accumulating in the long-term, and maintain the purchasing power of distributions over time by growing the corpus of each endowment fund to pace long-term inflation.

The Foundation's spending and investment policies work in tandem to achieve these objectives. The investment policy establishes an achievable return objective through a diversified investment strategy. Over long periods of time (7+ years), the Foundation's spending rate plus that of inflation should be in alignment with the average annual total return achieved through investment earnings. In other words, by distributing an amount that is equal to investment earnings less inflation, the Board seeks to preserve purchasing power of future distributions by growing each endowed fund at the rate of inflation. Mathematically, this is represented by the following hypothetical formula:

5% spending + 2% inflation = 7% net investment return objective

A secondary objective is to achieve a reasonable degree of stability in payout for annual distributions to grantees. Predictability of distributions allows recipients, including the Foundation, to more accurately budget future income. Predictability also helps to insulate the Foundation's investment managers from pressure to generate undo short term liquidity, which allows them to focus on achieving the best total return over the long term. The Foundation utilizes a smoothing formula to help achieve stable and predictable year-over-year distributions.

In California, UPMIFA includes the provision that an appropriation of greater than 7% of the average fair market value averaged over the past three years is presumptively imprudent.

12. ENDOWMENTS (continued)

Spending rate and smoothing formula

The current spending rate is 5% (or less for underwater funds based on the schedule below). This spending rate is applied to the trailing 16-quarter average market value for each endowment fund for the period ending June 30 of the prior fiscal year.

Additionally, a support fee based on the market value for each endowment fund is assessed semi-annually in December (based on September 30 value) and June (based on March 31 value). Support fees charged by the Foundation for services provided and all non-agency administrative fees totaling $1,361,644 have been eliminated from the consolidated financial statements.

Where a fund has not been in existence for 12 quarters, the actual number of quarters that the fund has been in existence will be used. All new endowment funds must be invested for four full quarters before any distributions are made.

The spending policy will be applied to both donor restricted and board designated (quasi) endowment funds. It does not apply to endowment funds with specific donor restrictions as to expenditure where the gift instrument defines a specific spending formula.

The Foundation will maintain a record of the historic gift value of each donor restricted endowment fund. This includes the terms of any Foundation solicitation from which a donor restricted fund resulted. Historic gift value means a) the fair value in dollars of an endowment fund at the time it first became an endowment fund, b) plus the fair value in dollars of each subsequent donation to the fund at the time it is made, c) plus accumulations to the endowment fund if specifically directed by the donor's gift instrument.

Underwater Funds - From time to time, the fair value of the assets associated with individual donor restricted funds may fall below the level that current law requires the Foundation to retain for a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, these deficiencies are reported as a reduction in net assets without donor restrictions. Such deficiencies may result from unfavorable market fluctuations, particularly if the funds were invested in the endowment pool shortly prior to significant market declines. As of September 30, 2020, the Foundation held 32 endowment funds where the market value had fallen below the original corpus due to market conditions. The amount of the shortfall totaled $88,497. Underwater funds will experience a reduction in payout based on the schedule below. The reduced payout is intended to allow for recovery of the historic gift value over a reasonable period of time, while not completely eliminating payout in support of charitable programs.

Underwater Amounts	Adjusted Spending Rates
Less than 15%	5.00%
5% to less than 10%	3.75%
10% to less than 15%	3.35%
15% or more	2.50%

12. ENDOWMENTS (continued)

Endowment net assets composition by type of fund

Endowment net asset composition by type of fund as of September 30, 2020 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowments restricted by donors in perpetuity	$ -	$ 1,145,731	$ 1,145,731
Accumulated investment gains on donor-restricted endowments	-	696,742	696,742
Funds functioning as endowments	119,330,084	4,193,242	123,523,326
	$ 119,330,084	$ 6,035,715	$ 125,365,799

Donor restricted funds functioning as endowments are entirely comprised of time-restricted bequests that when received, will become a part of the managed fund and reclassified as funds without donor restrictions.

Changes in endowment net assets during the year ended

Changes in endowment net assets for the fiscal year ended September 30, 2020 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, September 30, 2019	$ 114,989,243	$ 4,925,238	$ 119,914,481
Investment return, net of expenses	8,980,563	163,875	9,144,438
Contributions	2,293,070	1,072,242	3,365,312
Appropriation of net assets	(6,932,792)	(125,640)	(7,058,432)
	4,340,841	1,110,477	5,451,318
Balance, September 30, 2020	$ 119,330,084	$ 6,035,715	$ 125,365,799

13. COMMITMENTS AND CONTINGENCIES

Leases

The Foundation leases its office space from the VCCF Nonprofit Center, LLC for approximately $5,800 per month plus operating expenses that expires in November 2022. During the year ended September 30, 2020, the Foundation paid or accrued $69,600 in rents to the VCCF Nonprofit Center, LLC, which has been eliminated in the consolidated financial statements.

13. COMMITMENTS AND CONTINGENCIES (continued)

Leases (continued)

VCCF Nonprofit Center, LLC leases office space to several Ventura County focused nonprofit organizations which expire at various dates through October 2025.

The future scheduled minimum rental income under the lease terms is as follows:

Year ending September 30,	
2021	$ 802,487
2022	834,283
2023	592,341
2024	55,586
2025	2,986
	$ 2,287,683

Investment commitments

At September 30, 2020, the Foundation had made investment commitments to partnerships that are not readily marketable in an amount not to exceed $11,094,618.

Investment consultant fees

On October 1, 2018, the Foundation entered into an Outsourced Chief Investment Officer Agreement (the "Agreement") with Canterbury Consulting, Inc. ("Canterbury") which requires annual payments of $250,000 which increase 4% after one year, and annually each year thereafter, for a term of three years. The Agreement may be terminated by written notice from either party to the other upon 30 days prior written notice.

During the year ended September 30, 2020, the Foundation paid $260,000 to Canterbury.

Patterson Park

The Foundation has a Right of Termination on land that now makes up Patterson Park that it donated to the City of Oxnard under the condition that it be used only as a park for public use or else ownership of the land will revert back to Ventura County Community Foundation. At the time of the donation the land had a recorded book value of $3,810,000.

14. RETIREMENT PLAN

Foundation employees who work at least 20 hours per week are eligible to participate in a deferred salary savings plan under Section 403(b) of the Internal Revenue Code after one full calendar month of services. The Foundation matches at its discretion up to 6% of the eligible salary after one year of employment. For the year ended September 30, 2020, Foundation contributions to the 403(b) Plan totaled $51,131.

15. FIDUCIARY LIABILITY

In September 2015, the Foundation contracted with a "Big 4" accounting firm to conduct an independent fiduciary review on approximately 90% of the assets under the Foundation's management. Three main issues were uncovered during the review which included:

- Improper investment of funds in money market accounts
- Over allocation of interest income to the Foundation's unrestricted fund
- Assessment of fund administrative fees in excess of agreed upon amounts

As soon as the Foundation received notice from the "Big 4" accounting firm of these issues, the Foundation self-disclosed the situation to the California Attorney General ("AG"). The Foundation also calculated the cost of reimbursing the approximately 48 funds impacted (of the total 600 funds) to make them whole. The cost of resolving these issues was $1,554,500 with a repayment strategy approved by the AG's office. The repayment terms are as follows:

- Interest rate is set at 3%
- Two years of interest only payments
- Ten years of fully amortizing principal and interest payments

At the same time, the AG directed the Foundation to replenish the funds invested from the Cornerstone Administrative Endowment into the VCCF Nonprofit Center LLC. This replenishment is tied to the final repayment of the bank loan secured by the building (not including any refinancing of the loan), or the sale of the building, whichever occurs earlier. The AG also required the Foundation to have its policies and procedures revised by a third party, particularly with regard to classification and monitoring of its funds. The Foundation engaged with the Silicon Valley Community Foundation to complete this work. On December 6, 2017, the AG confirmed that the Foundation had taken the necessary steps to close the investigation.

On advice of counsel, on December 31, 2018, the Foundation repaid $295,013 of this liability. The remaining balance will continue to be repaid according to the original terms. As of September 30, 2020, the remaining cost to correct these issues was $1,149,832 and was eliminated in the consolidated financial statements.

16. LIQUIDITY AND AVAILABILITY

The Foundation's financial assets are predominantly held for its philanthropic purposes. The Ventura County Community Foundation offers several philanthropic gift planning options, including a Charitable Gift Annuity program, Charitable Lead Trusts, and Charitable Remainder Trusts, and accepting gifts of real estate and other complex assets. The organization is also responsible for the oversight of a 53,000 sq. ft. building that houses 12 nonprofit organizations. Having a robust reserve policy continues to be a key priority. Philanthropic funds cannot be used for reserves.

The Organization is focused on building reserves equal to three years of unrestricted operating cash needs in an effort to best meet the philanthropic planning requirements of its donors and nonprofit community in Ventura County.

The following reflects the Organization's financial assets reported on the consolidated statement of financial position, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions.

Liquidity of financial assets as of September 30, 2020 is as follows:

Cash	$ 11,632,101
Contributions and grants receivable	5,026,575
Investments	138,070,163
	154,728,839
Net assets with donor restrictions (Note 11)	(9,105,208)
Funds held for agency endowments	(19,028,777)
Funds under management	(115,434,383)
Deferred revenue (Note 6)	(7,105,000)
	$ 4,055,471

The Organization also has signed leases that will bring in $802,487 in cash through the next year. See Note 13 for more details.

During the year ended September 30, 2020, the Organization incurred $3,551,511 of expenses to support operations, which includes expenses for operating the 53,000 square foot office building. Based on liquid assets available as of September 30, 2020, the Organization can sustain operations for approximately 14 months after year-end.

17. RISKS AND UNCERTAINTIES

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 COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and shelter in place orders. It is at least reasonably possible that this matter will negatively impact the Company. However, the financial impact and duration cannot be reasonably estimated at this time.

SUPPLEMENTARY INFORMATION

Ventura County Community Foundation and Subsidiary
Statement of Financial Position by Segment
September 30, 2020

ASSETS

	Operating and Non-profit Center	Under Management	Eliminating Entries	2020 Total
Cash and cash equivalents	$ 737,062	$ 10,895,039	$ -	$ 11,632,101
Contributions receivable	766,666	4,259,909	-	5,026,575
Prepaid and other assets	580,641	-	(90,000)	490,641
Investments	3,067,619	135,002,544	-	138,070,163
Planned giving	59,071	601,271	-	660,342
Fixed assets, net of accumulated depreciation	8,580,716	-	-	8,580,716
Earnings due to funds	132,376	968,975	(1,101,351)	-
Total assets	$ 13,924,151	$151,727,738	$ (1,191,351)	$164,460,538

LIABILITIES AND NET ASSETS

	Operating and Non-profit Center	Under Management	Eliminating Entries	2020 Total
Liabilities				
Accounts payable and accrued expenses	$ 440,699	$ 146,064	$ (90,000)	$ 496,763
Refundable advance (Paycheck Protection Program)	24,357	-	-	24,357
Grants payable	-	569,190	-	569,190
Notes payable	6,517,309	-	-	6,517,309
Funds held as agency endowments	-	19,028,777	-	19,028,777
Planned giving liability	-	339,116	-	339,116
Tenant security deposits	61,076	-	-	61,076
Deferred revenue	-	7,105,000	-	7,105,000
Interest rate swap liability	105,866	-	-	105,866
Due from funds	1,101,351	-	(1,101,351)	-
Total liabilities	8,250,658	27,188,147	(1,191,351)	34,247,454
Net assets				
Without donor restrictions	5,673,493	115,434,383	-	121,107,876
With donor restrictions	-	9,105,208	-	9,105,208
Total net assets	5,673,493	124,539,591	-	130,213,084
Total liabilities and net assets	$ 13,924,151	$151,727,738	$ (1,191,351)	$164,460,538

Ventura County Community Foundation and Subsidiary
Statement of Activities by Segment
For The Year Ended September 30, 2020

	Operating and Non-profit Center	Under Management	Eliminating Entries	2020 Total
Revenue, gains and other support				
Revenue and support				
Grants and contributions	$ 2,003,013	$ 16,248,147	$ (590,000)	$ 17,661,160
Rental income	810,821	-	-	810,821
Paycheck Protection Program grant	161,643	-	-	161,643
Other revenue	1,639,451	-	(1,361,643)	277,808
Total revenue and support	4,614,928	16,248,147	(1,951,643)	18,911,432
Investment return, net	94,278	8,890,184	-	8,984,462
Total revenue, gains and other support	4,709,206	25,138,331	(1,951,643)	27,895,894
Functional expenses				
Grants & distributions	704,229	13,122,591	(590,000)	13,236,820
Other program services	1,970,362	6,866,275	-	8,836,637
Management and general	660,003	1,648,571	(1,361,643)	946,931
Fundraising	216,920	-	-	216,920
Total functional expenses	3,551,514	21,637,437	1,951,643	23,237,308
Changes in net assets	1,157,692	3,500,894	-	4,658,586
Non-operating expenses				
Change in value of interest rate swap	105,866	-	-	105,866
Total non-operating expenses	105,866	-	-	105,866
Change in unrestricted net assets	1,051,826	3,500,894	-	4,552,720
Change in net assets	1,051,826	3,500,894	-	4,552,720
Net assets, beginning of year	4,621,667	121,038,697	-	125,660,364
Net assets, end of year	$ 5,673,493	$124,539,591	$ -	$130,213,084