CALIFORNIA FOUNDATION FOR PUBLIC FACILITIES

Independent Auditor's Reports
and Consolidated Financial Statements

For the Years Ended
June 30, 2020 and 2019

CALIFORNIA FOUNDATION FOR PUBLIC FACILITIES
For the Years Ended June 30, 2020 and 2019

Table of Contents

Page

Independent Auditor's Report 1

Financial Statements:

Consolidated Statements of Financial Position 3

Consolidated Statements of Activities 4

Consolidated Statements of Cash Flows 7

Notes to the Consolidated Financial Statements 8

Other Report:

Independent Auditor's 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* 11

Certified Public Accountants

Independent Auditor's Report

To the Board of Directors
California Foundation for Public Facilities

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the California Foundation for Public Facilities (the Corporation), a California nonprofit public benefit corporation, which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 audits. We conducted our audits 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. 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 consolidated financial position of the California Foundation for Public Facilities as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2020 on our consideration of the Corporation's internal control over 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 the Corporation'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 the Corporation's internal control over financial reporting and compliance.

Macias Gini & O'Connell LLP

San Diego, California
December 4, 2020

CALIFORNIA FOUNDATION FOR PUBLIC FACILITIES
Consolidated Statements of Financial Position
June 30, 2020 and 2019

	2020	2019
ASSETS		
Current assets:		
Cash	$ 2,067	$ 15,234
Lease receivable	123,882	119,151
Total current assets	125,949	134,385
Noncurrent assets:		
Lease receivable	5,771,016	5,894,898
Total assets	$ 5,896,965	$ 6,029,283
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accrued expenses	$ -	$ 8,558
Note payable	123,882	119,151
Total current liabilities	123,882	127,709
Noncurrent liabilities:		
Note payable	5,771,016	5,894,898
Total liabilities	5,894,898	6,022,607
Net assets:		
Without donor restriction	2,067	6,676
Total liabilities and net assets	$ 5,896,965	$ 6,029,283

See accompanying notes to the consolidated financial statements.

CALIFORNIA FOUNDATION FOR PUBLIC FACILITIES
Consolidated Statements of Activities
For the Years Ended June 30, 2020 and 2019

	2020	2019
SUPPORT AND REVENUE		
Contributions	$ 900	$ 932
Interest income	3	-
Total unrestricted support and revenue	903	932
Net assets released from restrictions	-	-
Total increase in unrestricted net assets	903	932
EXPENSES		
Support services		
General and administrative	5,512	466
Change in net assets	(4,609)	466
NET ASSETS:		
Beginning of year	6,676	6,210
End of year	$ 2,067	$ 6,676

See accompanying notes to the consolidated financial statements.

CALIFORNIA FOUNDATION FOR PUBLIC FACILITIES
Consolidated Statements of Activities (Continued)
For the Year Ended June 30, 2020

	Without Donor Restriction	Total
SUPPORT AND REVENUE:		
Fee revenues	$ 900	$ 900
Interest income	3	3
Total support and revenue	903	903
EXPENSES:		
Support services, general and administrative:		
Annual fee expenses	450	450
General and administrative expenses	5,062	5,062
Total expenses	5,512	5,512
Change in net assets	(4,609)	(4,609)
NET ASSETS:		
Beginning of year	6,676	6,676
End of year	$ 2,067	$ 2,067

See accompanying notes to the consolidated financial statements.

CALIFORNIA FOUNDATION FOR PUBLIC FACILITIES
Consolidated Statements of Activities (Contiued)
For the Year Ended June 30, 2019

	Without Donor Restriction	Total
SUPPORT AND REVENUE:		
Fee revenues	$ 932	$ 932
EXPENSES:		
Support services, general and administrative:		
Annual fee expenses	466	466
Change in net assets	466	466
NET ASSETS:		
Beginning of year	6,210	6,210
End of year	$ 6,676	$ 6,676

See accompanying notes to the consolidated financial statements.

CALIFORNIA FOUNDATION FOR PUBLIC FACILITIES
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	$ (4,609)	$ 466
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
Accounts receivable	-	13,355
Lease receivable	119,151	114,601
Accrued expenses	(8,558)	466
Net cash provided by operating activities	105,984	128,888
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on note payable	(119,151)	(114,601)
NET INCREASE (DECREASE) IN CASH	(13,167)	14,287
CASH		
Beginning of year	15,234	947
End of year	$ 2,067	$ 15,234

See accompanying notes to the consolidated financial statements.

NOTE 1: REPORTING ENTITY

The California Foundation for Public Facilities (the Corporation) was established on November 1, 2010 as a California nonprofit public benefit corporation, organized under the Nonprofit Public Benefit Law for public and charitable purposes. The Corporation was formed for the specific purpose of participating, assisting or advising in the administration of the California Municipal Finance Authority (CMFA), a joint exercise of powers authority created pursuant to Title I, Division 7, Chapter 5 of the Government Code of the State of California and to provide financial grants or other financial support or benefits to nonprofit organizations, foundations, and corporations to strengthen and enhance charitable activities throughout the State of California.

The City of Albany (City), California, requested the Corporation's assistance in financing a public works center for its municipal purposes. The Albany Public Works Center, LLC (Company) was formed on June 15, 2017 pursuant to the provisions of the California Revised Uniform Limited Liability Company Act (Act). The purpose of the Company is to facilitate the financing by the City of Albany of a public works center, to acquire, own, lease, sell or sublease real and personal property located at 540 Cleveland Avenue, Albany, California. The Corporation serves the sole member and manager of the Company. The activity associated with the Company is included in the Corporation's financial statements.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Presentation

The accompanying consolidated financial statements of the Corporation have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) which recognizes revenues when earned and expenses when incurred. Under the accrual basis of accounting, the Corporation recognizes contributions as revenue when they are received or when they are unconditionally pledged while expenses are recognized when the liability is incurred.

The Corporation presents its consolidated financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*, and Subtopics 205, 210, 220 and 230. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Corporation and changes therein are classified and reported as follows:

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

Net assets with donor restrictions – net assets are subject to donor-imposed restrictions, such as those that will be met by the passage of time or other events specified by the donor. When a restriction expires (generally, when expenses are incurred satisfying the restricted purpose), net assets with donor restrictions are classified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. There are no net assets with donor restrictions as of June 30, 2020 and 2019, respectively.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Principles of Consolidation

The consolidated financial statements include the accounts of the Company. The Corporation is a sole member and manager of the Company. All significant intercompany transactions and balances are eliminated in consolidation.

Cash

For purposes of the Statements of Cash Flows, cash represents amounts held with financial institutions as demand deposits.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions. These estimates and assumptions can affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates and assumptions.

NOTE 3: LIQUIDITY AND AVAILABILITY OF RESOURCES

The Corporation has $125,949 and $134,385 of financial assets available within one year of the statement of financial position date of June 30, 2020 and 2019, respectively, for general expenses. The financial assets available consist of cash in the amount of $2,067 and $15,234, and lease receivable of $123,882 and $119,151 as of June 30, 2020 and 2019, respectively. Of this balance, $0 and $8,558 is for accrued expenses and $123,882 and $119,151 is for the note payable due within one year, as of June 30, 2020 and 2019, respectively, and is not available for general purposes.

Management evaluates the Corporation's financial assets through annual budget reviews and monthly cash flow projections. Management has determined that financial assets are sufficient to manage its liquidity needs and meet operating expenses within one year of the statement of financial position date.

NOTE 4: CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Corporation to concentration of credit risk consist of cash as demand deposits held with financial institutions, which at times, may exceed federally insured limits. The Corporation's cash balances at June 30, 2020 and 2019, respectively, were entirely insured.

NOTE 5: LEASE RECEIVABLE AND NOTE PAYABLE

The City requested the Corporation's assistance in financing a public works center for its municipal purposes, to be situated on a parcel owned by the City.

NOTE 5: LEASE RECEIVABLE AND NOTE PAYABLE (Continued)

The City is obligated to make rental payments to the Corporation and the Company assigned the lease payments to Mechanics Bank. The term of the lease ends on December 31, 2047, unless the term is extended or terminated sooner.

The note bears interest at a fixed rate of 3.9% with an initial principal amount of $6,211,720. Monthly principal and interest payments are due in the amount of $29,299, with a final balloon payment of $2,935,765 due no later than September 1, 2037.

As of June 30, 2020, the annual principal payments to maturity are as follows:

Fiscal Year Ending June 30,	Amount
2021	$ 123,882
2022	128,801
2023	133,915
2024	139,232
2025	144,760
Thereafter	5,224,308
Total	$ 5,894,898

NOTE 6: INCOME TAXES

The Corporation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and relevant state tax regulations. Accordingly, income tax expense is limited to activities that are deemed by the Internal Revenue Service to be unrelated to their exempt purposes.

The Corporation follows the provisions of Accounting Standards Codification (ASC) Topic 740, *Income Taxes*, which provides standards for establishing, classifying, and disclosing any tax provision for uncertain tax provisions. As of June 30, 2020 and 2019, respectively, the Corporation has concluded that there are no uncertain positions taken or expected to be taken that would require recognition of tax assets or liabilities or disclosure in the consolidated financial statements.

NOTE 7: SUBSEQUENT EVENTS

The Corporation has evaluated subsequent events through December 4, 2020, which is the date the consolidated financial statements were issued. There were no subsequent events that required an adjustment to, or disclosure in the consolidated financial statements as of June 30, 2020.

Certified Public Accountants

Independent Auditor's 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
California Foundation for Public Facilities

We have audited 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, the financial statements of the California Foundation for Public Facilities (the Corporation), a California nonprofit public benefit corporation, which comprise the consolidated statements of financial position as of June 30, 2020, and the related statements consolidated statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 4, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing 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 the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 misstatements 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Macias Gini & O'Connell LLP

San Diego, California
December 4, 2020