

**Polk County Housing Trust Fund
Des Moines, Iowa**

FINANCIAL REPORT

June 30, 2015

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS	3-4
FINANCIAL STATEMENTS	
Statement of financial position	5
Statement of activities	6
Statement of cash flows	7
Statement of functional expenses	8
Notes to financial statements	9-15
INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION	16
SUPPLEMENTARY INFORMATION	
Schedule of financial position by funding sources	17
Schedule of activities by funding sources	18



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Polk County Housing Trust Fund
Des Moines, Iowa

We have audited the accompanying financial statements of Polk County Housing Trust Fund (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Polk County Housing Trust Fund as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's 2014 financial statements, and our report dated September 16, 2014, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Denman & Company, LLP
DENMAN & COMPANY, LLP

West Des Moines, Iowa
September 23, 2015

**Polk County Housing Trust Fund
STATEMENT OF FINANCIAL POSITION
June 30, 2015, with comparative totals for 2014**

	Totals	
	2015	2014
ASSETS		
Cash and cash equivalents	\$ 684,985	\$ 724,945
Investments	2,260,469	2,253,582
Interest receivable	1,739	2,969
Grant receivable	959,408	690,776
Mortgage loans and notes receivable, less loan loss reserve 2015 \$62,909	1,098,230	1,093,224
Forgivable loans, less accumulated amortization 2015 \$1,799,536	1,581,555	1,251,813
Office equipment, at cost less accumulated depreciation 2015 \$10,899	<u>15,027</u>	<u>8,293</u>
Total assets	<u>\$6,601,413</u>	<u>\$6,025,602</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 15,103	\$ 16,124
Accrued compensation and payroll withholdings	15,521	13,690
Deferred revenue	-	8,000
Grants payable	<u>1,797,724</u>	<u>2,709,509</u>
Total liabilities	<u>1,828,348</u>	<u>2,747,323</u>
NET ASSETS		
Unrestricted		
Undesignated	2,692,631	1,991,632
Board designated for forgivable loans	<u>2,056,737</u>	<u>1,251,813</u>
Total unrestricted net assets	<u>4,749,368</u>	<u>3,243,445</u>
Temporarily restricted	<u>23,697</u>	<u>34,834</u>
Total net assets	<u>4,773,065</u>	<u>3,278,279</u>
Total liabilities and net assets	<u>\$6,601,413</u>	<u>\$6,025,602</u>

See Notes to Financial Statements.

Polk County Housing Trust Fund
STATEMENT OF ACTIVITIES
Year ended June 30, 2015, with comparative totals for 2014

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Totals</u>	
			<u>2015</u>	<u>2014</u>
SUPPORT AND REVENUE				
Contributions	\$2,634,606	\$ 28,342	\$2,662,948	\$2,799,177
Investment income	6,395	-	6,395	6,028
Unrealized loss on investments	(1)	-	(1)	-
Interest on mortgage loans and notes	72,312	-	72,312	14,754
Forgivable loan repayments	16,554	-	16,554	-
Miscellaneous income	17	-	17	-
	<u>2,729,883</u>	<u>28,342</u>	<u>2,758,225</u>	<u>2,819,959</u>
Net assets released from restrictions				
Expiration of time restriction	39,479	(39,479)	-	-
Total support and revenue	<u>2,769,362</u>	<u>(11,137)</u>	<u>2,758,225</u>	<u>2,819,959</u>
EXPENSES				
Program services				
Affordable housing	1,026,409	-	1,026,409	2,536,074
Supporting services				
Management and general	201,455	-	201,455	195,450
Fundraising	35,575	-	35,575	33,894
Total expenses	<u>1,263,439</u>	<u>-</u>	<u>1,263,439</u>	<u>2,765,418</u>
CHANGE IN NET ASSETS	1,505,923	(11,137)	1,494,786	54,541
NET ASSETS , beginning of year	<u>3,243,445</u>	<u>34,834</u>	<u>3,278,279</u>	<u>3,223,738</u>
NET ASSETS , end of year	<u>\$4,749,368</u>	<u>\$ 23,697</u>	<u>\$4,773,065</u>	<u>\$3,278,279</u>

See Notes to Financial Statements.

Polk County Housing Trust Fund
STATEMENT OF CASH FLOWS
Year ended June 30, 2015, with comparative totals for 2014

	Totals	
	2015	2014
FROM OPERATING ACTIVITIES		
Change in net assets	\$1,494,786	\$ 54,541
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	3,716	1,411
Loss on disposal of office equipment	307	-
Unrealized loss on investments	1	-
Amortization of forgivable loans	315,891	375,890
Change in assets and liabilities		
Interest receivable	1,230	1,198
Grants receivable	(268,632)	250,630
Mortgage loans and notes receivable	(5,006)	5,792
Forgivable loans	(645,633)	(153,999)
Accounts payable	(1,021)	12,030
Accrued wages and vacation	1,831	2,875
Deferred revenue	(8,000)	8,000
Grants and loan grants payable	<u>(911,785)</u>	<u>309,296</u>
Net cash provided by (used in) operating activities	<u>(22,315)</u>	<u>867,664</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(10,758)	(5,266)
Maturity of investments	-	1,100,074
Purchase of investments	<u>(6,887)</u>	<u>(1,451,972)</u>
Net cash (used in) investing activities	<u>(17,645)</u>	<u>(357,164)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(39,960)	510,500
CASH AND CASH EQUIVALENTS		
Beginning	<u>724,945</u>	<u>214,445</u>
Ending	<u>\$ 684,985</u>	<u>\$ 724,945</u>

See Notes to Financial Statements.

Polk County Housing Trust Fund
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2015, with comparative totals for 2014

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Totals</u>	
	<u>Affordable housing</u>	<u>Management and general</u>		<u>Fundraising</u>	<u>2015</u>
Salaries	\$ 114,875	\$ 109,194	\$ 30,002	\$ 254,071	\$ 243,130
Employee benefits	12,441	11,826	3,251	27,518	17,792
Payroll taxes	<u>8,243</u>	<u>7,836</u>	<u>2,154</u>	<u>18,233</u>	<u>16,397</u>
Total salaries and related expense	135,559	128,856	35,407	299,822	277,319
Professional fees					
Accounting and legal	-	23,725	-	23,725	23,030
Technical services/support	6,400	-	-	6,400	7,565
Other contract services	77,638	-	-	77,638	75,935
Supplies	784	168	168	1,120	1,548
Telephone	2,549	1,092	-	3,641	5,873
Postage and shipping	-	421	-	421	462
Rent	25,871	11,089	-	36,960	34,874
Equipment maintenance	-	9,736	-	9,736	10,696
Printing and publications	4,536	2,304	-	6,840	11,519
Conferences and meetings	1,058	12,168	-	13,226	16,662
Awards and grants					
Development	356,553	-	-	356,553	1,836,769
Operating	350,000	-	-	350,000	395,000
Insurance	-	7,770	-	7,770	7,838
Advertising	57,784	-	-	57,784	47,375
Advocacy	-	1,200	-	1,200	628
Miscellaneous	<u>4,861</u>	<u>1,719</u>	<u>-</u>	<u>6,580</u>	<u>10,914</u>
Total expenses before depreciation	1,023,593	200,248	35,575	1,259,416	2,764,007
Depreciation	2,601	1,115	-	3,716	1,411
Loss on disposal of office equipment	<u>215</u>	<u>92</u>	<u>-</u>	<u>307</u>	<u>-</u>
Total expenses	<u>\$1,026,409</u>	<u>\$ 201,455</u>	<u>\$ 35,575</u>	<u>\$1,263,439</u>	<u>\$2,765,418</u>

See Notes to Financial Statements.

**Polk County Housing Trust Fund
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Polk County Housing Trust Fund (the Organization) is an Iowa nonprofit corporation. The Organization's mission is to create and support opportunities to collaboratively develop resources and to facilitate effective solutions to make housing affordable. The Organization provides financial assistance in the form of loans or grants to for-profit, nonprofit or governmental agencies that use the money to create new, rehabilitate, or support affordable housing in Polk County. The risk of loss on the loans is the difference between the market value of property and the amount owed at the time of default.

Funding sources primarily include governmental grants and corporate and individual donations with approximately 56 percent of the Organization's contributions for the year ended June 30, 2015 coming from Polk County.

Program

The Organization has determined that for purposes of recording unrestricted expenses in the statement of activities, its primary function or program is:

Affordable housing—consisting of: (1) loans and grants to housing developers, both nonprofit and for-profit, and governmental agencies to acquire, rehabilitate, or newly construct housing that is affordable to families living in Polk County; (2) fund the operating and supportive services programs of six nonprofit housing developers; and (3) provide grants and technical support for activities that will lead to development or support of low-income housing.

Fundraising

Fundraising expenses incurred during the year ended June 30, 2015, are related primarily to raising funds for the Operating, Housing Supportive Services, and Capacity Building Program, which is an annual campaign.

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

Classification of Net Assets

Unrestricted assets are assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations. The Organization's governing board may earmark portions of its unrestricted net assets as board-designated for various purposes.

Temporarily restricted assets are assets resulting from contributions and other inflows of assets whose use by the Organization is limited to donor-imposed stipulations that either expire by passage of time or can be fulfilled by actions of the Organization meeting the purpose of the restriction.

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 reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Polk County Housing Trust Fund
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Office Equipment and Depreciation

Office equipment is recorded at cost. Depreciation of equipment is provided on a straight-line basis over the estimated useful lives of the assets. The applicable accounts are relieved of cost and accumulated depreciation when such items are sold, abandoned, or otherwise disposed of. Equipment is depreciated over 5-10 years. The Organization follows the practice of capitalizing expenditures for equipment in excess of \$500.

Contributions Received

The Organization distinguishes between contributions received with permanent restrictions, temporary restrictions, and those without donor-imposed restrictions. Contributions with donor-imposed restrictions are reported as restricted support unless the Organization meets the donor-imposed restriction on all or a portion of the amount contributed in the same reporting period in which the contribution was received. In those cases the contribution, to the extent the restrictions have been met, are reported as unrestricted support. Receipts of unconditional promises to give with payments due in future periods are reported as restricted support unless it is clear that the donor intended the gift to be used to support activities in the current period. Gifts of long-lived assets received without donor-imposed restrictions are considered unrestricted support.

Contributions Made/Awards and Grants

The Organization records contributions made for awards and grants as liabilities when agreements are approved by the Board of Directors and communicated to the recipients.

Contributed Property and Services

Noncash contributions are recorded in the financial statements at the estimated fair value at the date of gift. For contributions that are material to the financial statements, fair market value has been determined by independent appraisal. The Organization does not recognize any support, revenue or expense from services contributed by volunteers.

Comparative Amounts

The amounts shown for 2014 in the accompanying financial statements are included to provide a basis for comparison with 2015 and are not intended to present all information necessary for a fair presentation of the 2014 financial statements in conformity with generally accepted accounting principles.

Investments

The Organization has investments in certificates of deposit and a mutual fund as of June 30, 2015. Investments are recorded at fair value. Fair value is determined by the quoted market value of the securities.

**Polk County Housing Trust Fund
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Mortgage Loans and Notes Receivable

Mortgage loans and notes receivable are interest bearing and recorded at cost, or present value if the interest rate charged is below the market rate. Amortization of the imputed interest discount is included in interest on mortgage loans and notes. Discounts on newly issued loans are included in awards and grants for development.

Allocation of Functional Expenses

The expenditures for salaries and reimbursable program expenses are allocated to a specific program or supporting services, based on estimates of time spent, or directly based on supporting documentation.

Income Tax Status

The Organization is exempt from federal income tax under the provisions of Section 501(c)(3), Internal Revenue Code, and annually files a federal information return as an exempt organization citing an Internal Revenue Code Exemption Letter dated June 8, 2001.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) for an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has evaluated their material tax positions and determined there are no uncertain positions taken or expected to be taken that would require recognition or a liability (or asset) or disclosures in the financial statements. The Organization is subject to routine audits by tax authorities; however, there are currently no audits for any tax periods in progress. Management believes the Organization is no longer subject to income tax examinations for years prior to 2011.

NOTE 2 INVESTMENTS

Investments at June 30, 2015 consist of the following:

	<u>Fair value</u>	<u>Cost</u>	<u>Unrealized (depreciation)</u>
Certificates of deposit	\$2,260,440	\$2,260,440	\$ —
Mutual fund	<u>29</u>	<u>35</u>	<u>(6)</u>
Totals	<u>\$2,260,469</u>	<u>\$2,260,475</u>	<u>\$ (6)</u>

As required by the Fair Value Measurements and Disclosures Topic of the *FASB Accounting Standards Codification*, the Organization measures the fair value of financial instruments using a fair value hierarchy consisting of three input levels, generally ranging from the most objective to the most subjective. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. Level 2 inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

The Organization's investments consist of certificates of deposit and a mutual fund which are priced at closing market value in an active market and are therefore considered a Level 1 financial instrument as defined by the Fair Value Measurement Topic of the *FASB Accounting Standards Codification*. There were no Level 2 or Level 3 financial instruments at June 30, 2015.

**Polk County Housing Trust Fund
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 MORTGAGE LOANS AND NOTES RECEIVABLE

Mortgage loans and notes receivable at June 30, 2015 are summarized as follows:

	<u>Face value outstanding</u>	<u>Unamortized discount</u>	<u>Carrying value</u>
Mortgage loans receivable			
Sixth Avenue Apartment Investors, L.P., (interest rate of 0%) secured by real estate mortgage, monthly payments of \$400 due June 1, 2033 (less unamortized discount based on imputed interest of 4.52%).	\$ 96,000	\$ (29,796)	\$ 66,204
Vine Street Limited Partnership, (interest rate of 0%) secured by real estate mortgage subordinated to U.S. Department of Housing and Urban Development, Neighborhood Finance Corporation, and the City of Des Moines. Principal due at maturity of June 30, 2045 (less unamortized discount based on imputed interest of 4.68%).	250,000	(188,429)	61,571
East Village Square, L.P., (interest rate of 0%) secured by real estate mortgage. Principal due at maturity of January 1, 2037 (less unamortized discount based on imputed interest of 6.40%).	200,000	(149,306)	50,694
Walden Point Limited Partnership, secured by real estate mortgage, annual payments of \$5,425 including interest at 1%, due January, 2036 (less unamortized discount based on imputed interest of 6.4%).	102,294	(63,320)	38,974
Anawim Housing, Inc., (interest rate of 1%) secured by real estate mortgage. Principal and interest due at maturity of December 1, 2026 (less unamortized discount based on imputed interest of 6.4%).	919,781	(476,665)	443,116
Stockbridge Limited Partnership, (interest rate of 0%) secured by real estate mortgage, monthly payments of \$1,736, due December 1, 2020 (less unamortized discount based on imputed interest of 6.36%).	111,111	(16,610)	94,501
Harrington I. Limited Partnership, secured by real estate mortgage, annual payments of \$9,687 including interest at 1%, due August 10, 2046 (less unamortized discount based on imputed interest of 6.36%).	250,000	(226,253)	23,747
CHI, Inc., (interest rate of 1%) secured by real estate mortgage. Principal and interest due at maturity of April 11, 2038 (less unamortized discount based on imputed interest of 6.36%).	268,034	(204,846)	63,188
South View Senior Apartments II, LLP (interest rate of 0%), secured by real estate mortgage, annual principal payments of \$3,333. Principal due at maturity of September 1, 2040 (less unamortized discount based on imputed interest of 4.68%).	86,667	(35,713)	50,954

**Polk County Housing Trust Fund
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 MORTGAGE LOANS AND NOTES RECEIVABLE (continued)

	<u>Face value outstanding</u>	<u>Unamortized discount</u>	<u>Carrying value</u>
Fort Des Moines Senior Housing, LLP (interest rate of 1%), secured by real estate mortgage. Principal due at maturity of March 9, 2041 (less unamortized discount based on imputed interest of 4.68%).	\$ 100,000	\$ (71,881)	\$ 28,119
Christ the King, Senior Housing, LLP (interest rate of 1%), secured by real estate mortgage. Principal due at maturity of May 5, 2041 (less unamortized discount based on imputed interest of 4.68%).	100,000	(72,099)	27,901
Forest & Fields LLP (interest rate of 0%), secured by real estate mortgage. Principal due at maturity of January 1, 2042 (less unamortized discount based on imputed interest of 3.72%).	150,000	(93,949)	56,051
Douglas Avenue Income Partners, LC (interest rate of 0%), secured by real estate mortgage. Monthly payments of \$385 beginning February 1, 2018 due January 1, 2023 (less unamortized discount based on imputed interest of 4.52%).	23,127	(4,668)	18,459
Hawthorn Hill (interest rate of 0%), secured by real estate mortgage. Monthly payments of \$104 due February 1, 2023 (less unamortized discount based on imputed interest of 4.52%).	8,123	(1,070)	7,053
Bloomsbury Village Apartments, LLC (interest rate of 0%), secured by real estate mortgage. Principal due at maturity of April 1, 2032 (less unamortized discount based on imputed interest of 4.27%).	150,000	(76,553)	73,447
Southern Meadows Home LP (interest rate of 1%), secured by real estate mortgage. Principal and interest due at maturity of November 8, 2028 (less unamortized discount based on imputed interest of 4.27%).	<u>101,000</u>	<u>(43,840)</u>	<u>57,160</u>
	<u>\$2,916,137</u>	<u>\$(1,754,998)</u>	1,161,139
Less loan loss reserve			<u>(62,909)</u>
Net receivable			<u>\$1,098,230</u>

Following is a schedule of future maturities of the receivables:

Year ending June 30

2016	\$ 39,207
2017	34,661
2018	36,632
2019	39,375
2020	39,375
Thereafter	<u>2,726,887</u>
Total	<u>\$2,916,137</u>

**Polk County Housing Trust Fund
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 FORGIVABLE LOANS

The Organization provides subsidies to low and moderate-income individuals to assist them in acquiring affordable housing. Eligible individuals may be awarded forgivable loans of up to \$25,000. All subsidies take the form of a junior lien to primary mortgagors and are evidenced by a signed note and recorded mortgages. Loans awarded will be forgiven and amortized using the straight-line method over the life of the loan, generally 5 to 10 years. Current year amortization of \$315,891 is included in awards and grants for development. The remaining balance as of June 30, 2015 is \$1,581,555. In addition, during the fiscal year, the board of directors approved awards of \$475,182 in additional forgivable loans which had not been disbursed as of June 30, 2015.

NOTE 5 GRANTS PAYABLE

The Organization issues grant agreements for periods which can cover up to a period of two years. Operating and Housing Supportive Services grants and Repair and Maintenance grants typically cover one year. Development grants typically cover a two year period. Grants beyond two years are based on available funding of the Organization.

Grants and loans payable by the Organization consist of the following:

Amounts to be paid in	
One year or less	\$ 699,802
Two years or less	<u>1,097,922</u>
Total	<u>\$1,797,724</u>

NOTE 6 LINE OF CREDIT

The Organization had available a \$500,000 line of credit with a bank. No amounts were advanced or repaid during the year ended June 30, 2015. There was no outstanding balance as of June 30, 2015. The interest rate on the agreement is 2.30%. This line has a maturity date of October 7, 2015. The agreement is collateralized by a certificate of deposit.

NOTE 7 BUILDING LEASE

The Organization leases space in an office building. The lease calls for monthly rentals of \$1,680 through March 2017. In addition to the base rent, the Organization is to pay as additional monthly rent its proportionate share of annual building operating expenses. Rent expense paid under the agreement for the year ended June 30, 2015 was \$34,902. Future minimum lease payments are as follows: 2016 \$33,528 and 2017 \$25,146.

NOTE 8 EMPLOYEE BENEFIT PLAN

The Organization provides retirement benefits for all full-time employees of the Organization. Benefits are provided through a group deferred tax sheltered annuity policy in accordance with Internal Revenue Code Section 403(b). The Organization will contribute to the plan a matching contribution of up to 5 percent of salary. Employee benefits paid under the plan for the year ended June 30, 2015 were \$3,209.

**Polk County Housing Trust Fund
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 NET ASSETS

Board Designated

The Board of Directors approves commitments to for-profit and nonprofit organizations for the funding of subsidies of forgivable loans to low- and moderate-income individuals. These commitments are conditional and are reflected as designated funds until such time as they are disbursed to the entities. As of June 30, 2015, \$2,056,737 had been designated for this purpose.

Temporarily Restricted

Temporarily restricted net assets as of June 30, 2015 consists of \$7,631 of operating contributions which are restricted due to time and unspent funds related to the Polk County Housing Continuum and of \$16,066 of operating contributions which are restricted for the purpose of housing development programs in Ankeny, Iowa.

NOTE 10 GRANT PROGRAM

The Organization has entered into an agreement with Polk County, Iowa, the purpose of which is to provide support for affordable housing strategies for Polk County residents. Polk County will contribute \$1,500,000 annually to fund this program. The agreement shall extend to June 30, 2017, or until it is otherwise terminated.

NOTE 11 AWARDS AND GRANTS

Included in the caption, Awards and Grants-Development, as reported in the statement of function expenses is the de-obligating of grants that were payable as of June 30, 2015 of \$274,723. The effect of these transactions was to decrease grant expenses by approximately \$274,723 for the year ended June 30, 2015.

NOTE 12 COMMITMENTS

As of June 30, 2015, the board of directors had awarded three low-interest mortgage loans totaling \$700,000, for which formal loan agreements had not been executed and loan funds had not been disbursed. On July 6, 2015, one of the awards in the amount of \$200,000 was formalized in a signed loan agreement, a mortgage was placed on the property and loan funds were disbursed.

NOTE 13 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through September 23, 2015, the date which the financial statements were available to be issued. Except as disclosed in Note 12, there were no subsequent events required to be accrued or disclosed.



INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION

To the Board of Directors
Polk County Housing Trust Fund
Des Moines, Iowa

We have audited the financial statements of Polk County Housing Trust Fund as of and for the year ended June 30, 2015, and have issued our report thereon dated September 23, 2015, which contained an unmodified opinion on those financial statements, and appears on pages 3 and 4. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole.

The following supplementary information is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Denman & Company, LLP
DENMAN & COMPANY, LLP

West Des Moines, Iowa
September 23, 2015

Polk County Housing Trust Fund
SCHEDULE OF FINANCIAL POSITION BY FUNDING SOURCES
June 30, 2015

	<u>All other funds</u>	<u>State Housing Trust Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 684,985	\$ —	\$ 684,985
Investments	2,260,469	—	2,260,469
Interest receivable	1,739	—	1,739
Grants receivable	9,373	950,035	959,408
Mortgage loans and notes receivable	1,098,230	—	1,098,230
Forgivable loans, less accumulated amortization	1,581,555	—	1,581,555
Office equipment, at cost less accumulated depreciation	<u>15,027</u>	<u>—</u>	<u>15,027</u>
Total assets	<u>\$5,651,378</u>	<u>\$ 950,035</u>	<u>\$6,601,413</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable and accrued expenses	\$ 15,103	\$ —	\$ 15,103
Accrued compensation and payroll withholdings	15,521	—	15,521
Grants payable	<u>847,689</u>	<u>950,035</u>	<u>1,797,724</u>
Total liabilities	<u>878,313</u>	<u>950,035</u>	<u>1,828,348</u>
NET ASSETS			
Unrestricted			
Undesignated	2,692,631	—	2,692,631
Board designated for forgivable loans	2,056,737	—	2,056,737
Temporarily restricted	<u>23,697</u>	<u>—</u>	<u>23,697</u>
Total net assets	<u>4,773,065</u>	<u>—</u>	<u>4,773,065</u>
Total liabilities and net assets	<u>\$5,651,378</u>	<u>\$ 950,035</u>	<u>\$6,601,413</u>

Polk County Housing Trust Fund
SCHEDULE OF ACTIVITIES BY FUNDING SOURCES
Year ended June 30, 2015

	All other funds	State Housing Trust Fund	Total
SUPPORT AND REVENUE			
Contributions	\$1,865,789	\$ 797,159	\$2,662,948
Investment income	6,395	-	6,395
Unrealized loss on investments	(1)	-	(1)
Interest on mortgage loans and notes	72,312	-	72,312
Forgivable loan repayments	16,554	-	16,554
Miscellaneous income	17	-	17
Total support and revenue	<u>1,961,066</u>	<u>797,159</u>	<u>2,758,225</u>
EXPENSES			
Program services			
Affordable housing	308,966	717,443	1,026,409
Supporting services			
Management and general	121,739	79,716	201,455
Fundraising	<u>35,575</u>	<u>-</u>	<u>35,575</u>
Total expenses	<u>466,280</u>	<u>797,159</u>	<u>1,263,439</u>
CHANGE IN NET ASSETS	1,494,786	-	1,494,786
NET ASSETS , beginning of year	<u>3,278,279</u>	<u>-</u>	<u>3,278,279</u>
NET ASSETS , end of year	<u>\$4,773,065</u>	<u>\$ -</u>	<u>\$4,773,065</u>