

**MAMMOTH LAKES HOUSING, INC.**

***A California Nonprofit Public Benefit Corporation***

**COMBINED FINANCIAL STATEMENTS**

**WITH**

**AUDITOR'S REPORT**

**\* \* \***

**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**THOMAS TOMASZEWSKI  
CERTIFIED PUBLIC ACCOUNTANT**

**MAMMOTH LAKES HOUSING, INC.**  
**A California Nonprofit Public Benefit Corporation**  
**COMBINED FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor's Report .....	1
Statements of Financial Position .....	2
Statements of Activities .....	3
Statements of Cash Flows .....	4
Notes to Financial Statements .....	5-10
 <u>Other Information</u>	
Independent Auditor's Report on Supplementary Information .....	11
Statements of Financial Position .....	12
Schedules of Income and Expenses .....	13-14
 <u>Uniform Guidance and Government Auditing Standards Reports</u>	
Schedule of Expenditures of Federal Awards .....	15
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 .....	16-17
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance .....	18-19
Schedule of Findings and Questioned Costs .....	20

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Mammoth Lakes Housing, Inc.  
Mammoth Lakes, California

I have audited the accompanying financial statements of Mammoth Lakes Housing, Inc., (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements. I have previously audited Mammoth Lakes Housing, Inc.'s June 30, 2020 financial statements and I expressed an unmodified audit opinion on those audited financial statements in my report dated October 1, 2020. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### 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

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my 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 I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 judgement, 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 entity'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 entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mammoth Lakes Housing, Inc., as of June 30, 2021 and 2020, 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 Matters

My audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary information on pages 12-14 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for 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 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 my opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated October 3, 2021 on my consideration of Mammoth Lakes Housing, Inc.'s internal control over financial reporting and on my 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 my 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 Mammoth Lakes Housing, Inc.'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 Mammoth Lakes Housing, Inc.'s internal control over financial reporting and compliance.

El Dorado Hills, California  
October 3, 2021

**MAMMOTH LAKES HOUSING, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2021 AND 2020**

<b><u>Assets</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>
<b><u>Current assets</u></b>		
Cash and cash equivalents (Note 2)	\$ 368,673	\$ 250,139
Security deposits	11,336	10,675
Accounts receivable	190,198	181,440
Prepaid expenses	5,537	4,129
Total current assets	<u>575,744</u>	<u>446,383</u>
<b><u>Fixed assets (Notes 2 and 4)</u></b>		
Land	658,077	658,077
Rehabilitation in progress	251,600	123,054
Buildings, improvements & equipment	<u>1,977,805</u>	<u>1,977,805</u>
Total fixed assets	2,887,482	2,758,936
Less: accumulated depreciation	<u>(431,564)</u>	<u>(381,051)</u>
Fixed assets (net of accumulated depreciation)	<u>2,455,918</u>	<u>2,377,885</u>
<b><u>Other assets</u></b>		
Notes receivable (Note 5)	41,104	65,650
Property held for resale	0	648,911
Replacement reserve	<u>200,771</u>	<u>318,651</u>
Total other assets	<u>241,875</u>	<u>1,033,212</u>
<b>Total Assets</b>	<b><u>\$ 3,273,537</u></b>	<b><u>\$ 3,857,480</u></b>
<b><u>Liabilities and Net Assets</u></b>		
<b><u>Current liabilities</u></b>		
Accounts payable	\$ 750	\$ 302,196
Accrued compensated absences	6,409	6,409
Unearned revenue	39,822	84,615
Security deposits payable	11,389	11,025
Current portion - long term debt (Note 6)	<u>42,728</u>	<u>40,968</u>
Total current liabilities	<u>101,098</u>	<u>445,213</u>
<b><u>Long-term liabilities</u></b>		
Mortgage payables - long-term portion (Note 6)	536,424	579,667
Note payable (Note 7)	<u>853,600</u>	<u>1,153,600</u>
Total long-term liabilities	<u>1,390,024</u>	<u>1,733,267</u>
<b>Total Liabilities</b>	<u>1,491,122</u>	<u>2,178,480</u>
<b><u>Net Assets</u></b>		
Without donor restrictions	1,688,751	1,587,126
With donor restrictions	<u>93,664</u>	<u>91,874</u>
<b>Total net assets</b>	<u>1,782,415</u>	<u>1,679,000</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 3,273,537</u></b>	<b><u>\$ 3,857,480</u></b>

See notes to financial statements

**MAMMOTH LAKES HOUSING, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

<b>Income</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>2021 Total</b>	<b>2020 Total</b>
Grant/Contract revenue	\$ 449,692	\$ 0	\$ 449,692	\$ 392,367
Rent Assistance Grants	647,670	0	647,670	186,995
Rental revenue	55,960	0	55,960	61,365
Commercial rent	57,947	0	57,947	96,846
Interest income	0	1,790	1,790	2,108
Contributions	69,118	0	69,118	9,883
Property Sales (Net)	644	0	644	0
Miscellaneous Fees	3,126	0	3,126	3,226
<b>Total Income</b>	<b>1,284,157</b>	<b>1,790</b>	<b>1,285,947</b>	<b>752,790</b>
<b>Expenses</b>				
Management fee	0	0	0	0
Administrative	91,597	0	91,597	76,475
Salaries and benefits	276,945	0	276,945	257,312
Maintenance	19,547	0	19,547	16,383
Utilities	7,404	0	7,404	6,150
HOA Fees, Real estate taxes & insurance	42,984	0	42,984	38,471
<b>Total expenses</b>	<b>438,477</b>	<b>0</b>	<b>438,477</b>	<b>394,791</b>
<b>Excess of income over expenses</b>	<b>845,680</b>	<b>1,790</b>	<b>847,470</b>	<b>357,999</b>
<b>Other expenses:</b>				
Direct Services-Rent Subsidies	668,939	0	668,939	186,995
Mortgage Interest	24,603	0	24,603	28,841
Depreciation	50,513	0	50,513	50,813
<b>Total other expenses</b>	<b>744,055</b>	<b>0</b>	<b>744,055</b>	<b>266,649</b>
<b>Change in net assets</b>	<b>101,625</b>	<b>1,790</b>	<b>103,415</b>	<b>91,350</b>
<b>Net assets, beginning of the year</b>	<b>1,587,126</b>	<b>91,874</b>	<b>1,679,000</b>	<b>1,587,650</b>
<b>Net assets, end of the year</b>	<b>\$ 1,688,751</b>	<b>\$ 93,664</b>	<b>\$ 1,782,415</b>	<b>\$ 1,679,000</b>

See notes to financial statements

**MAMMOTH LAKES HOUSING, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

<b><u>Cash Flows from Operating Activities</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>
Increase in net assets	\$ 103,415	\$ 91,350
Depreciation & Amortization	50,513	50,813
(Increase) decrease in operating assets:		
Accounts receivable	(8,758)	(178,940)
Prepaid expenses	(1,408)	3,186
Notes receivable	24,546	8,508
Increase (decrease) in operating liabilities:		
Accounts payable & accrued expenses	(301,446)	302,196
Unearned revenue	(44,793)	84,615
Security deposits payable	364	2,650
Net Cash Provided by Operating Activities	<u>(177,567)</u>	<u>364,378</u>
<b><u>Cash Flows from Investing Activities</u></b>		
Purchase fixed assets	(128,546)	(130,045)
Sale/(Purchase) property held for resale	648,911	(648,911)
Net Cash Used in Investing Activities	<u>520,365</u>	<u>(778,956)</u>
<b><u>Cash Flows from Financing Activities</u></b>		
(Payments)/Proceeds from notes payable	(300,000)	300,000
Payments on mortgage payable	(41,483)	(42,088)
Net Cash Used in Financing Activities	(341,483)	257,912
Net Increase/(Decrease) in Cash	1,315	(156,666)
Cash at the beginning of the period	579,465	736,131
<b>Cash, Cash Equivalents and Restricted Cash</b>	<b><u>\$ 580,780</u></b>	<b><u>579,465</u></b>
Cash and cash equivalents	\$ 368,673	\$ 250,139
Restricted cash	\$ 212,107	\$ 329,326
Total cash, cash equivalents and restricted cash	<u>\$ 580,780</u>	<u>\$ 579,465</u>
Supplemental Information: Cash Interest paid	\$ 24,603	\$ 28,841

See notes to financial statements

**MAMMOTH LAKES HOUSING, INC.**  
**A California Nonprofit Public Benefit Corporation**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 1: Organization and Nature of Activities**

Mammoth Lakes Housing, Inc. (the "Corporation") was incorporated on July 15, 2002 to develop, own and operate low income rental housing within the counties of Alpine, Mono and Inyo. The corporation currently owns and operates two rental housing properties (5-units) and one commercial property (11-units) located in Mammoth Lakes, CA. Mammoth Lakes Housing, Inc. is the sole member in Sierra Housing Advocates, LLC (a limited liability company). In addition, Mammoth Lake Housing, Inc. serves as the .01% Administrative General Partner in Mammoth Lakes Family Associates, a California Limited Partnership, which owns and operates a 48-unit affordable housing complex located in Mammoth Lakes, CA, and as the .01% Administrative General Partner in Mammoth Lakes Family Associates II, a California Limited Partnership, which owns and operates a 30-unit affordable housing complex located in Mammoth Lakes, CA.

**Note 2: Summary of Significant Accounting Policies**

Method of Accounting

Mammoth Lakes Housing, Inc.'s combined financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Rental income is shown at its maximum gross potential. Vacancy loss is shown as a reduction in rental income.

Adoption of Accounting Principles

In November 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-18, *Statement of Cash Flows (Topic 230) - Restricted Cash* ("ASU 2016-18") to address diversity in practice with respect to cash flows presentation of changes in amounts described as restricted cash and cash equivalents. ASU 2016-18 requires a reporting entity to include amounts described as either restricted cash or restricted cash and cash equivalents (collectively referred to as "restricted cash" herein) when reconciling beginning and ending balances in its statement of cash flows. The update also amends Topic 230 to require disclosures about the nature of restricted cash and provide a reconciliation of cash, cash equivalents and restricted cash between the balance sheet and the statement of cash flows. ASU 2016-18 was adopted retrospectively during the year ended June 30, 2020.

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09"). Effective July 1, 2019, the Corporation adopted ASU 2014-09 on a retrospective basis. The modifications under ASU 2014-09 were applied to all of the Corporation's contracts with customers. No practical expedients were applied. The majority of the Corporation's revenue is derived from government grants, which are deemed conditional contributions and are accounted for under ASU 2018-08, (Mammoth Lakes Housing, Inc. has adopted ASU 2018-08 on a retrospective basis) and leases with tenants of two low-income housing projects generally for terms of one year or less, which are accounted for in accordance with Leases (Topic 840). Therefore, adoption of ASU 2014-09 had no impact on the recognition of rental revenue of the project during the periods presented or on opening balances of partners' equity (deficit) as of July 1, 2020.

The Organization adopted the provisions of Accounting Standards Update 2016-14, Presentation of Financial Statements of Not-for-Profit Entities (*Topic 958*) (ASU 2016-14). Under the new accounting policy, two net asset classes (without donor restrictions and with donor restrictions) replace former classes of net assets (unrestricted, temporarily restricted, and permanently restricted). \$93,664 represents the CalHome Program loan funding received in prior years, which has donor imposed restrictions on use. The funds are to be revolved as loans to eligible homeowners.

#### Risk Reserve

As of June 30, 2021 and 2020 the organization has internally designated net assets in the amount of \$160,000 as a risk reserve.

#### Cash and Cash Equivalents

Cash is defined as cash in demand deposit accounts as well as cash on hand. Not included in cash are funds restricted as to their use, regardless of liquidity, such as tenant security deposits, replacement reserve and operating reserve. Mammoth Lakes Housing, Inc. maintains its cash in bank accounts which, at times, may exceed federally insured limits. Mammoth Lakes Housing, Inc. has not experienced any losses in such accounts.

#### Capitalization and Depreciation

Land, buildings, improvements and equipment are stated at cost of acquisition or construction. Maintenance and repairs are charged to expense as incurred. The straight-line method of depreciation is applied to fixed assets using estimates of useful life, ranging from five to thirty-nine years. The estimated service lives of the assets for depreciation purposes may be different than actual economic useful lives.

#### Accounts Receivable

Management has elected to record bad debts using the direct write-off method. The effect of using this method is not materially different than the allowance method under U.S. Generally Accepted Accounting Principles.

#### Functional Expenses

Functional expenses are allocated to a category of program services and to supporting services based on direct expenditures incurred. Expenses are presented on a functional basis in the statement of activities.

#### Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the statement of financial position date:

Financial Assets available to meet cash needs for general expenditures within one year:

Cash:	\$368,673
Accounts Receivable	<u>190,198</u>
Total	<u>\$ 558,871</u>



### Estimates

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

### Income Taxes

No income tax provision has been included in the financial statements as Mammoth Lakes Housing, Inc. has been qualified as tax-exempt under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation code. As a 501(c)(3) tax-exempt organization, the Corporation qualifies for the charitable contribution deduction. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. Sierra Housing Advocates, LLC is subject to an \$800 annual tax fee, which is payable to the Franchise Tax Board.

### **Note 3: Restricted Reserves**

Restricted reserves are held in separate bank accounts for the replacement reserves for Mammoth Lakes Housing Inc.'s owned affordable housing projects. Replacement reserve balances at June 30, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Old Mammoth Lakes Tri-plex	\$ 66,615	\$ 59,550
238 Sierra Manor Road	<u>134,156</u>	<u>259,101</u>
Total	<u>\$200,771</u>	<u>\$318,651</u>

### **Note 4: Property and Equipment**

Property and equipment consists of the following:

	<u>2021</u>	<u>2020</u>
Land	\$658,077	\$ 658,077
Rehabilitation in Progress	251,600	123,054
Buildings, Improvements & Equipment	<u>1,977,805</u>	<u>1,977,805</u>
	2,887,482	2,758,936
Less: accumulated depreciation	<u>( 431,564)</u>	<u>( 381,051)</u>
	<u>\$2,455,918</u>	<u>\$ 2,377,885</u>

### Impairment

The organization reviews its investment in rental property for impairment whenever events or changes in circumstances indicate that carrying value of such property may not be recoverable. For assets held and used, if management's estimate of aggregate future cash flows to be generated by the property, undiscounted and without interest charges estimated proceeds from the eventual disposition of the real estate are less than their carrying amounts, an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. The determination of undiscounted cash flows requires significant estimates by management. Subsequent changes in estimated undiscounted cash flows could impact the determination of whether impairment exists. No impairment loss has been recognized during the years ended June 30, 2021 and 2020.

**Note 5: Notes Receivable**

Promissory notes (2) due from eligible CalHome Program families were granted CalHome Loans totaling \$41,104, with simple interest at the rate of 3% per year on the unpaid principal balance, from the date of the note, until paid.

**Note 6: Mortgages Payable**

The mortgage notes are collateralized by deeds of trust on each property. The mortgages payable consists of the following:

Office Unit

First mortgage payable to Oak Valley Community Bank in the original amount of \$178,500 on October 5, 2005, 5.11% interest (adjusted October 10, 2015), final payment due October 10, 2030. Monthly payments of principal and interest are \$1,102.02.

Principal	\$ 97,302
less current portion	<u>( 8,229)</u>
	<u>\$ 89,073</u>

The annual principal payments on the Oak Valley Community Bank mortgage payable are as follows:

Year ending June 30,

2022	\$ 8,229
2023	8,659
2024	9,112
2025	9,589
2026	10,091
Thereafter	<u>51,622</u>
	<u>\$ 97,302</u>

238 Manors Road

First mortgage payable to Alper Enterprises, L.P in the original amount of \$600,000 on November 6, 2017, 4.00% interest, final payment due October 6, 2027. Monthly payments of principal and interest are \$4,438.13.

Principal	\$ 481,850
less current portion	<u>(34,499)</u>
	<u>\$ 447,351</u>

The annual principal payments on the Alper Enterprises, L.P. mortgage payable are as follows:

Year ending June 30,

2022	\$ 34,499
2023	35,905
2024	37,367
2025	38,890
2026	40,474
Thereafter	<u>294,715</u>
	<u>\$ 481,850</u>

## **Note 7: Notes Payable**

### Old Mammoth Road

Note payable to the Town of Mammoth Lakes CDBG, in the amount of \$853,600, on May 25, 2011. Interest at 0%. Final maturity is May 25, 2066. Mammoth Lakes Housing, Inc. has entered into a regulatory agreement with the Town of Mammoth Lakes which is recorded and requires maintenance of specific numbers of units for very low and low income persons. Payment of principal is deferred until May 25, 2066.

### 550 Mono Street

Notes payable (2) to the County of Mono in the amounts of \$196,000 and \$104,000, on November 7, 2019, bearing interest at 2.29%. Final maturity upon sale of property or one year from close of escrow. The loans were paid in full on October 23, 2020 and March 23, 2021, respectively.

## **Note 8: Concentration of Risk**

Mammoth Lakes Housing, Inc. is subject to various risks and uncertainties in the ordinary course of business that could have adverse impacts on its operating results and financial condition. Future operations could be affected by changes in the economy or other conditions in the geographical area where its properties are located, or by changes in federal, state and local housing (Town of Mammoth Lakes) subsidies or the demand for such housing.

### **Subsequent Events**

Subsequent events have been evaluated through October 3, 2021, which is the date the financial statements were available to be issued and there are no subsequent events requiring disclosure.

In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, events have occurred including mandates from federal, state, and local authorities leading to an overall decline in economic activity. The Corporation is not able to estimate the length or severity of this outbreak and the related financial impact. Management will continue to assess and monitor the situation as it evolves. If the length of the outbreak continues for an extended period of time the Corporation may have to seek alternative measures to finance its operations including use of reserves. The extent of the impact of COVID-19 on the Corporation's operational and financial performance is uncertain and cannot be determined at this time.

## **Note 9: Retirement Plan**

The Organization contributes 6% of modified annual compensation into a 403b Plan. All salaried employees employed by the Organization qualify for the benefit. Retirement expense for the year ended June 30, 2021 was \$9,717.

**Note 10: Compensated Absences**

Full-time employees receive annual leave based upon length of employment. Unused annual leave is paid to employees upon termination of employment and is accrued in the financial statements. Accrued compensation absences as of June 30, 2021 is \$6,409.

**Note 11: Statements of Cash Flows**

The following table provides a reconciliation of cash and restricted cash reported within the statements of financial position that sum to the total of the same amounts in the statements of cash flows:

	<u>2021</u>	<u>2020</u>
Cash	\$ 368,673	\$ 250,139
Security Deposits	11,336	10,675
Replacement Reserve	<u>200,771</u>	<u>318,651</u>
Total	<u>\$ 580,780</u>	<u>\$ 579,465</u>

**Note 12: Unearned Revenue**

Mammoth Lakes Housing, Inc. has a letter agreement to administer the Town of Mammoth Lakes rental assistance program. As of June 30, 2021 \$39,822 was available for the rental assistance program.

**Independent Auditor's Report  
On Supplementary Information**

To the Board of Directors of  
Mammoth Lakes Housing, Inc.  
Mammoth Lakes, California

I have audited the financial statements of Mammoth Lakes Housing, Inc. for the fiscal year ended June 30, 2021, and have issued my opinion thereon date October 3, 2021, which is presented in the preceding section. My audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information is presented for purposes of additional analysis and is not a required part of the basic 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 my opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

El Dorado Hills, California  
October 3, 2021

**MAMMOTH LAKES HOUSING, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2021 AND 2020**

<b>Assets</b>	<b>General Operations</b>	<b>Sierra Housing Advocates, LLC</b>	<b>2021 Total</b>	<b>2020 Total</b>
<u><b>Current assets</b></u>				
Cash and cash equivalents	\$ 327,448	\$ 41,225	\$ 368,673	\$ 250,139
Security deposits	11,336	0	11,336	10,675
Accounts receivable	190,198	0	190,198	181,440
Deposits & prepaids	5,537	0	5,537	4,129
<b>Total current assets</b>	<b>534,519</b>	<b>41,225</b>	<b>575,744</b>	<b>446,383</b>
<u><b>Fixed Assets</b></u>				
Land	658,077	0	658,077	658,077
Rehabilitation in progress	251,600	0	251,600	123,054
Buildings, improvements & equipment	1,977,805	0	1,977,805	1,977,805
<b>Total fixed assets</b>	<b>2,887,482</b>	<b>0</b>	<b>2,887,482</b>	<b>2,758,936</b>
Less: accumulated depreciation	(431,564)	0	(431,564)	(381,051)
<b>Total</b>	<b>2,455,918</b>	<b>0</b>	<b>2,455,918</b>	<b>2,377,885</b>
<u><b>Other Assets</b></u>				
Notes receivable	41,104	0	41,104	65,650
Property held for resale	0	0	0	648,911
Replacement reserve	200,771	0	200,771	318,651
<b>Total Other Assets</b>	<b>241,875</b>	<b>0</b>	<b>241,875</b>	<b>1,033,212</b>
<b>Total Assets</b>	<b>\$ 3,232,312</b>	<b>\$ 41,225</b>	<b>\$ 3,273,537</b>	<b>\$ 3,857,480</b>
<u><b>Liabilities and Net Assets</b></u>				
<u><b>Current Liabilities</b></u>				
Current portion - long term debt	\$ 42,728	\$ 0	\$ 42,728	\$ 40,968
Accounts payable & accrued liabilities	750	0	750	302,196
Due to/(from)	0	0	0	0
Unearned revenue	39,822	0	39,822	84,615
Accrued compensated absences	6,409	0	6,409	6,409
Security deposits payable	11,389	0	11,389	11,025
<b>Total Current Liabilities</b>	<b>101,098</b>	<b>0</b>	<b>101,098</b>	<b>445,213</b>
<u><b>Long-Term Liabilities</b></u>				
Mortgage payable - long-term portion	536,424	0	536,424	579,667
Notes payable	853,600	0	853,600	1,153,600
<b>Total Long-Term Liabilities</b>	<b>1,390,024</b>	<b>0</b>	<b>1,390,024</b>	<b>1,733,267</b>
<b>Total Liabilities</b>	<b>1,491,122</b>	<b>0</b>	<b>1,491,122</b>	<b>2,178,480</b>
<u><b>Net Assets</b></u>				
Without Donor Restrictions	1,647,526	41,225	1,688,751	1,587,126
With Donor Restrictions	93,664	0	93,664	91,874
<b>Total net assets</b>	<b>1,741,190</b>	<b>41,225</b>	<b>1,782,415</b>	<b>1,679,000</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 3,232,312</b>	<b>\$ 41,225</b>	<b>\$ 3,273,537</b>	<b>\$ 3,857,480</b>

**MAMMOTH LAKES HOUSING, INC.**  
**SCHEDULES OF INCOME AND EXPENSE**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

<b>Revenue</b>	<b>General Operations</b>	<b>OMR &amp; Meridian</b>	<b>238 Sierra Manor Rd.</b>	<b>Sierra Housing Advocates, LLC</b>	<b>Eliminations</b>	<b>Total 2021</b>	<b>Total 2020</b>
Management Fees	\$ 27,590	\$ 0	\$ 0	\$ 0	\$(27,590)	\$ 0	0
Grant/Contract Revenue	449,692	0	0	0	0	449,692	392,367
Rent Assistance Grants	647,670	0	0	0	0	647,670	186,995
Rental income	0	55,960	0	0	0	55,960	61,365
Commercial Rent	0	0	57,947	0	0	57,947	96,846
Contributions	69,118	0	0	0	0	69,118	9,883
Miscellaneous fees	2,584	0	542	0	0	3,126	3,226
Property Sales (Net)	0	0	0	644	0	644	0
Interest income	1,790	0	0	0	0	1,790	2,108
<b>Total Income</b>	<b>1,198,444</b>	<b>55,960</b>	<b>58,489</b>	<b>644</b>	<b>\$(27,590)</b>	<b>1,285,947</b>	<b>752,790</b>
<b>Project expenses</b>							
Management fees & asset fee	0	12,254	15,336	0	\$(27,590)	0	0
<b>Administration</b>							
Office supplies/books	2,006	0	0	0	0	2,006	1,826
Meeting expense	256	0	0	0	0	256	1,460
Printing, copying & postage	1,798	0	0	0	0	1,798	820
Dues & subscriptions	3,703	0	0	0	0	3,703	3,908
Contract labor	0	0	0	0	0	0	0
Board of directors expense	3,000	0	0	0	0	3,000	1,000
Equipment	2,902	0	0	0	0	2,902	2,787
Telephone & Internet	5,545	0	0	0	0	5,545	4,757
Miscellaneous	31,987	0	0	0	0	31,987	17,331
Travel	1,805	0	0	0	0	1,805	4,500
Consulting	619	0	0	0	0	619	270
Bookkeeping	15,372	0	0	0	0	15,372	13,917
Legal	15,757	0	0	0	0	15,757	20,149
Advertising	2,248	0	0	0	0	2,248	2,618
Computer expenses	4,599	0	0	0	0	4,599	1,132
<b>Total Administration</b>	<b>91,597</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>91,597</b>	<b>76,475</b>
<b>Salaries and benefits</b>							
Salaries & wages	205,059	0	0	0	0	205,059	185,920
Payroll taxes	16,385	0	0	0	0	16,385	15,620
Fringe benefits	55,501	0	0	0	0	55,501	55,772
<b>Total Salaries and Benefits</b>	<b>\$ 276,945</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>276,945</b>	<b>257,312</b>

**MAMMOTH LAKES HOUSING, INC.**  
**SCHEDULES OF INCOME AND EXPENSE**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	General Operations	OMR & Meridian	238 Sierra Manor Rd.	Sierra Housing Advocates, LLC	Eliminations	Total 2021	Total 2020
<b><u>Maintenance</u></b>							
Trash removal	\$ 252	\$ 1,007	\$ 7,487	\$ 0	\$ 0	\$ 8,746	\$ 8,562
Exterminating, Janitorial, Cleaning	0	0	0	0	0	0	0
Grounds contract	0	0	0	0	0	0	0
Snow removal	0	917	5,938	0	0	6,855	2,414
Security	0	0	0	0	0	0	0
Repairs contract	461	114	3,371	0	0	3,946	5,407
Painting & decorating	0	0	0	0	0	0	0
<b>Total Maintenance</b>	<b>713</b>	<b>2,038</b>	<b>16,796</b>	<b>0</b>	<b>0</b>	<b>19,547</b>	<b>16,383</b>
<b><u>Utilities</u></b>							
Electricity & Gas	686	0	3,859	0	0	4,545	1,812
Water & Sewer	0	1,726	1,133	0	0	2,859	4,338
Other	0	0	0	0	0	0	0
<b>Total Utilities</b>	<b>686</b>	<b>1,726</b>	<b>4,992</b>	<b>0</b>	<b>0</b>	<b>7,404</b>	<b>6,150</b>
<b><u>Insurance &amp; Property Taxes</u></b>							
Property & liability insurance	9,045	3,392	5,129	0	0	17,566	12,987
HOA Fees	4,917	3,708	0	0	0	8,625	8,669
Other Taxes, Licenses & Permits	105	0	0	820	0	925	800
Property taxes	542	358	14,968	0	0	15,868	16,015
<b>Total Insurance &amp; Property Taxes</b>	<b>14,609</b>	<b>7,458</b>	<b>20,097</b>	<b>820</b>	<b>0</b>	<b>42,984</b>	<b>38,471</b>
<b>Total project expenses</b>	<b>\$ 384,550</b>	<b>\$ 23,476</b>	<b>\$ 57,221</b>	<b>\$ 820</b>	<b>\$ (27,590)</b>	<b>438,477</b>	<b>394,791</b>
<b><u>Other expenses:</u></b>							
Direct Services-Rent Subsidies	668,939	0	0	0	0	668,939	186,995
Mortgage	4,604	0	19,999	0	0	24,603	28,841
Depreciation	6,621	19,584	24,308	0	0	50,513	50,813
<b>Total Other expenses</b>	<b>680,164</b>	<b>19,584</b>	<b>44,307</b>	<b>0</b>	<b>0</b>	<b>744,055</b>	<b>266,649</b>
<b>Net Income/(Loss)</b>	<b>\$ 133,730</b>	<b>\$ 12,900</b>	<b>\$ (43,039)</b>	<b>\$ (176)</b>	<b>\$ 0</b>	<b>\$ 103,415</b>	<b>\$ 91,350</b>



**MAMMOTH LAKES HOUSING, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021**

<b>Grantor</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Number</b>	<b>Authorized Expenditures</b>
<u>U.S. Department Housing &amp; Urban Development</u>			
<u>Passthrough</u> <u>Town of Mammoth Lakes</u>			
Home Investment Partnerships Program	14.239	16-HOME-1138 \$	10,032
Community Development Block Grant	14.218	17-CDBG-12096	12,780
Community Development Block Grant CARES	14.218	20-CDBG-CV1	28,553
<u>Passthrough</u> California Department of Housing & Community Development			
<u>Passthrough</u> Town of Mammoth Lakes			
<b>Loans made in prior years for which continuing compliance is required</b>			
Community Development Block Grant ARRA Loan CDBG-R	14.253		<u>853,600</u>
<b>Total U.S. Department Housing &amp; Urban Development</b>			<u>904,965</u>
<b>TOTAL FEDERAL AWARDS</b>			<u><u>\$904,965</u></u>

Notes to Schedule of Federal Awards

1. The accompanying schedule of Federal Awards includes the Federal Award activity of Mammoth Lakes Housing, Inc. under programs of the Federal Government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

2. The accrual basis of accounting is used for expenditures.

3. \$853,600 CDBG-R loan on May 25, 2011, due to Town of Mammoth Lakes, 0% interest, due in 2066, continuing tenant income eligibility requirements.

4. The Corporation has elected not to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.

**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 of  
Mammoth Lakes Housing, Inc.  
Mammoth Lakes, California

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Mammoth Lakes Housing, Inc. which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, and cash flows for the period then ended, and the related notes to the financial statements, and have issued my report thereon dated October 3, 2021.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, I do not express an opinion on the effectiveness of the organization'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 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 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.

My 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 my audit I did not identify any deficiencies in internal control that I 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 organizations's financial statements are free from material misstatement, I 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not

express such an opinion. The results of my tests disclosed no instances of noncompliance 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

El Dorado Hills, California  
October 3, 2021

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors of  
Mammoth Lakes Housing, Inc.  
Mammoth Lakes, California

Report on Compliance for Each Major Federal Program

I have audited Mammoth Lakes Housing, Inc.'s compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of the organization's major federal programs for the year ended June 30, 2021. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the organization's major programs based on my audit of the types of compliance requirement referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis evidence about the organization's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the organization's compliance.

Opinion on Each Major Federal Program

In my opinion, the organization complied in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

### Report on Internal Control Over Compliance

Management of the organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the organization's internal control over compliance.

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

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

El Dorado Hills, California  
October 3, 2021

**Mammoth Lakes Housing, Inc.**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2021**

**A. Summary of Audit Results**

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Mammoth Lakes Housing, Inc., which were prepared in accordance with GAAP.
2. No material weaknesses were identified during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Mammoth Lakes Housing, Inc. were disclosed during the audit.
4. No material weaknesses were identified during the audit of the major federal award programs.
5. The auditor's report on compliance for major federal award programs for Mammoth Lakes Housing, Inc. expresses an unmodified opinion.
6. Audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) (the Uniform Guidance) are reported in this Schedule.
7. The programs tested as major programs were:  
  
CFDA # 14.253 \$853,600 CDBG-R
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Mammoth Lakes Housing, Inc. was determined to be a low-risk auditee.

**B. Findings**

None