

VISIT HUNTINGTON BEACH
Financial Statements
Year ended June 30, 2021
(With Independent Auditor's Report Therein)

VISIT HUNTINGTON BEACH
Financial Statements
Year ended June 30, 2021

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Independent Auditor's Report

Board of Directors
Visit Huntington Beach
Huntington Beach, California

Report on the Financial Statements

We have audited the accompanying statement of financial position of Visit Huntington Beach (VHB) (a nonprofit corporation) as of June 30, 2021, and the related statement 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 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 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 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, 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of VHB as of June 30, 2021 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 financial statements of VHB for the year ended June 30, 2020, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 15, 2021. In our 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.

A handwritten signature in blue ink that reads "Davis Fan" followed by a stylized flourish.

Irvine, California
January 18, 2022

VISIT HUNTINGTON BEACH
Statement of Financial Position
June 30, 2021
(with comparative totals as of June 30, 2020)

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents (note 3 and 4)	\$ 1,794,059	1,572,651
Accounts receivable	1,778,630	951,058
Prepaid expenses	<u>152,967</u>	<u>40,764</u>
Total current assets	<u>3,725,656</u>	<u>2,564,473</u>
Noncurrent assets:		
Intangible assets, net of accumulated amortization (note 2g)	62,228	70,839
Deposits	29,205	29,205
Property and equipment (note 5):		
Furniture and fixtures	140,784	168,082
Equipment	77,710	64,998
Leasehold improvements	82,012	72,024
Wayfinding signage	914,773	914,773
Less: accumulated depreciation	<u>(217,841)</u>	<u>(143,813)</u>
Total fixed assets, net	<u>997,438</u>	<u>1,076,064</u>
Total noncurrent assets	<u>1,088,871</u>	<u>1,176,108</u>
Total assets	<u>\$ 4,814,527</u>	<u>3,740,581</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 135,801	275,301
Accrued liabilities	22,905	56,199
Deferred rent liability	57,611	29,867
Compensated absences payable	<u>61,286</u>	<u>39,054</u>
Total current liabilities	277,603	400,421
Noncurrent liabilities:		
Due within one year:		
Loans payable, current portion (note 6)	43,814	-
Due in more than one year:		
Loans payable (note 6)	<u>351,745</u>	<u>150,000</u>
Total liabilities	<u>673,162</u>	<u>550,421</u>
Net assets:		
Without donor restriction	4,122,296	2,902,847
With donor restrictions (note 10)	<u>19,069</u>	<u>287,313</u>
Total net assets	<u>4,141,365</u>	<u>3,190,160</u>
Total liabilities and net assets	<u>\$ 4,814,527</u>	<u>3,740,581</u>

See accompanying notes to the financial statements.

VISIT HUNTINGTON BEACH
Statement of Activities
Year ended June 30, 2021
(with comparative totals for the year ended June 30, 2020)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2021	2020
Support and revenue:				
Business improvement district assessments	\$ 3,607,823	-	3,607,823	4,260,929
Contributions from City of Huntington Beach	-	-	-	300,000
Interest income	2,767	-	2,767	7,824
Other revenues	113,797	-	113,797	32,476
Subtotal support and revenue	3,724,387	-	3,724,387	4,601,229
Net assets released from donor restrictions	268,244	(268,244)	-	-
Total support and revenue	3,992,631	(268,244)	3,724,387	4,601,229
Expenses:				
Program services:				
Public relations and advocacy	136,470	-	136,470	582,072
Travel trade	101,466	-	101,466	263,527
Group sales	495,407	-	495,407	1,016,946
Leisure	686,018	-	686,018	646,337
Visitor and partner services	317,154	-	317,154	551,788
Website	340,493	-	340,493	645,368
Total program services expenses	2,077,008	-	2,077,008	3,706,038
Supporting services:				
Management and general	696,174	-	696,174	1,095,480
Total supporting services expenses	696,174	-	696,174	1,095,480
Total expenses	2,773,182	-	2,773,182	4,801,518
Change in net assets	1,219,449	(268,244)	951,205	(200,289)
Net assets beginning of the year	2,902,847	287,313	3,190,160	3,390,449
Net assets end of the year	\$ 4,122,296	19,069	4,141,365	3,190,160

See accompanying notes to the financial statements.

	Program Services			
	Public Relations & Advocacy	Travel Trade	Group Sales	Leisure
Salaries	\$ 65,000	60,617	234,786	113,124
Benefits	10,736	10,010	38,772	18,681
Payroll taxes	4,144	3,866	14,973	7,214
Accounting and legal fees	-	-	-	-
Advertising	9,919	60	54,432	375,798
Tradeshows	3,366	5,486	10,848	19,213
Outside services	-	-	-	-
Travel and auto	5,854	2,766	15,088	5,272
Postage	60	-	156	100
Amortization expense	-	-	-	-
Depreciation expense	-	-	-	-
Insurance	-	359	2,785	1,797
Research expense	-	-	-	79,044
Rent expense	-	12,367	92,939	59,961
Telecommunication	1,208	935	2,788	1,179
Office expense	36,163	5,000	27,791	4,615
Repairs and maintenance	-	-	-	-
Miscellaneous	20	-	49	20
Interest expense	-	-	-	-
Loss on disposal of assets	-	-	-	-
Total expenses	<u>\$ 136,470</u>	<u>101,466</u>	<u>495,407</u>	<u>686,018</u>

Visitor & Partner Services	Program Services		Supporting Services	Totals	
	Website	Total Program Services	Management & General	2021	2020
141,450	56,955	671,932	241,232	913,164	1,251,799
23,359	9,405	110,963	39,836	150,799	265,370
9,021	3,632	42,850	15,384	58,234	103,557
-	-	-	66,091	66,091	73,410
18,100	230,715	689,024	100	689,124	1,777,499
2,138	-	41,051	475	41,526	128,661
13,165	-	13,165	893	14,058	35,004
6,514	2,514	38,008	8,549	46,557	235,531
18,259	-	18,575	2,125	20,700	50,355
-	-	-	8,611	8,611	8,611
-	-	-	94,311	94,311	80,122
2,246	898	8,085	3,054	11,139	19,404
-	5,063	84,107	-	84,107	42,423
78,885	29,980	274,132	101,933	376,065	330,827
3,570	1,129	10,809	24,670	35,479	43,643
427	202	74,198	55,582	129,780	253,408
-	-	-	22,961	22,961	48,998
20	-	109	2,712	2,821	46,069
-	-	-	641	641	-
-	-	-	7,014	7,014	6,827
<u>317,154</u>	<u>340,493</u>	<u>2,077,008</u>	<u>696,174</u>	<u>2,773,182</u>	<u>4,801,518</u>

VISIT HUNTINGTON BEACH
Statement of Cash Flows
Year ended June 30, 2021
(with comparative totals for the year ended June 30, 2020)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 951,205	(200,289)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation expense	94,311	80,122
Loss on disposal of property and equipment	7,014	6,827
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(827,572)	718,169
(Increase) decrease in prepaid expenses	(112,203)	83,687
(Increase) decrease in intangible assets	8,611	8,173
(Increase) decrease in deposits	-	(20,970)
Increase (decrease) in accounts payable	(139,500)	(86,725)
Increase (decrease) in accrued liabilities	(33,294)	(81,138)
Increase (decrease) in deferred lease liability	27,744	29,867
Increase (decrease) in compensated absences payable	<u>22,232</u>	<u>(32,027)</u>
Net cash provided (used) by operating activities	<u>(1,452)</u>	<u>505,696</u>
Cash flows from operating activities:		
Proceeds from loan payable	<u>245,559</u>	<u>150,000</u>
Net cash flows provided (used) by operating activities	<u>245,559</u>	<u>150,000</u>
Cash flows from investing activities:		
Purchase of property, equipment, and intangible assets	<u>(22,699)</u>	<u>(252,277)</u>
Net cash provided (used) by investing activities	<u>(22,699)</u>	<u>(252,277)</u>
Net increase (decrease) in cash and cash equivalents	221,408	403,419
Cash and cash equivalents at beginning of year	<u>1,572,651</u>	<u>1,169,232</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,794,059</u></u>	<u><u>1,572,651</u></u>

There were no significant noncash financing or investing activities.

See accompanying notes to the financial statements.

VISIT HUNTINGTON BEACH

Notes to the Financial Statements

Year Ended June 30, 2021

(1) Nature of Organization

The Huntington Beach Marketing and Visitors Bureau, also known as Visit Huntington Beach (VHB), a not-for-profit mutual benefit corporation, was formed on December 15, 1988. VHB was established to promote and attract visitors to the City of Huntington Beach (the City). VHB is supported primarily through an assessment on hotel/motel revenues levied by the City on behalf of the Huntington Beach Hotel/Motel Business Improvement District (BID), which consists of all of the City's hotels and motels and is administered by VHB. On February 1, 2019, the City of Huntington Beach raised the Business Improvement District (BID) tax assessment from 3% to 4% on hotel bed-stays. The BID assessment revenue represents 89.1% of operating revenues.

On August 8, 2013, VHB amended the Articles of Incorporation of the Corporation to change the name of VHB to Visit Huntington Beach to reflect the purpose of VHB. The Articles were recorded by the California Secretary of State on October 16, 2013.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial statements of VHB have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

(b) Financial Statement Presentation

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

(c) Cash and Cash Equivalents

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

(d) Fair Value Measurements

VHB follows ASC 958-205, which establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

VISIT HUNTINGTON BEACH
Notes to the Financial Statements
Year Ended June 30, 2021

(2) Summary of Significant Accounting Policies. (Continued)

(d) Fair Value Measurements (Continued)

The three levels of the fair value hierarchy under ASC 958-205 are described as follows:

Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

(e) Deferred Rent

Rent expense is being recognized on a straight-line basis over the life of the lease. The difference between rent expense recognized and rental payments, as stipulated in the lease, is reflected as deferred rent in the Statement of Financial Position.

(f) Property and Equipment

Property and equipment exceeding \$500 and an estimated useful life of 3 years or more are capitalized and recorded at cost. Donated items are recorded at management's best estimate of the fair market value at the time of donation. Depreciation of property and equipment was provided using the straight-line method over the following estimated useful lives:

Furniture	7-10 years
Office Equipment	3-7 years
Leasehold Improvements	3 years

(g) Intangibles and Amortization

VHB purchased the website domain name huntingtonbeach.com, which was put into service in January 2008. VHB also capitalized certain website costs in 2018. Intangible assets are amortized using the straight-line method over a useful life of 5 to 15 years. The carrying amount of intangible assets is \$129,163 with accumulated amortization of \$66,935 as of June 30, 2021.

(h) Accounts Receivable

VHB carries a receivable balance for City grant revenues and BID income earned for the months of May and June equal to the related receipts collected

VISIT HUNTINGTON BEACH

Notes to the Financial Statements

Year Ended June 30, 2021

(2) Summary of Significant Accounting Policies. (Continued)

subsequent to year end, due to the nature and timing of these revenue sources. As a result, no allowance for doubtful accounts is reported in the financial statements.

(i) Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor's instructions.

VHB's unspent contributions are included in this class if the donor limited their use. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements reclassifying the net assets with donor restrictions to net assets without donor restrictions.

(j) Revenues

Revenue is recognized in accordance with FASB ASC 606, *Revenue from Contracts with Customers*. VHB recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration for which VHB expects to be entitled for those goods or services. VHB satisfies its performance obligation as services are provided to customers.

VISIT HUNTINGTON BEACH

Notes to the Financial Statements

Year Ended June 30, 2021

(2) Summary of Significant Accounting Policies. (Continued)

(k) Advertising

VHB uses advertising to promote the Surf City USA destination brand for the City of Huntington Beach to the public. Advertising costs are expensed as incurred. For the year ended June 30, 2021, VHB incurred advertising expenses of \$689,124.

(l) Use of Estimates

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

(m) Federal and State Income Taxes

VHB is organized as a not-for-profit entity under the general nonprofit corporation laws of the State of California. A determination letter confirming VHB is organized as a not-for-profit entity under the general nonprofit corporation laws of the State of California. A determination letter confirming exemption from Federal income tax under Section 501(c)(6) of the Internal Revenue Code has been obtained. Revenues subject to unrelated business income tax (UBIT) were insignificant and would not generate a tax liability. In addition, an exemption from California franchise taxes has been obtained. Therefore, no provision has been made for Federal income taxes or State franchise taxes in the accompanying financial statements.

(n) Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions. Net gains on endowment investments increase net asset with donor restrictions, and net losses on endowments investments reduce that net asset class.

(o) Expense Recognition and Allocation

The cost of providing VHB's programs and other activities is summarized on a functional basis in the statements of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various

VISIT HUNTINGTON BEACH
Notes to the Financial Statements
Year Ended June 30, 2021

(2) Summary of Significant Accounting Policies. (Continued)

functions benefited using a reasonable allocation method that is consistently applied as follows:

Salaries and wages, benefits, and payroll taxes are allocated based on activity reports prepared by key personnel.

- Travel and Auto, Insurance, Rent, Telecommunication, and Repairs, are allocated based on which department each employee performing the function is assigned to.
- Rent is allocated based on the amount of employees that occupy each department.

Every year the bases on which costs are allocated are evaluated.

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

(p) Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. Certain reclassifications have been made to prior year amounts to conform to the current year presentation. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with VHB's prior year financial statements, from which this selected financial data was derived.

(3) Cash and Cash Equivalents

Cash and cash equivalents at June 30, 2021 are composed of the following:

Demand deposits	\$ 411,415
High yield savings	1,271,782
Petty cash	1,000
Certificates of deposits	109,862
	<u>\$ 1,794,059</u>

At June 30, 2021, VHB had funds in excess of federally-insured limits in the amount of \$1,309,056.

VISIT HUNTINGTON BEACH

Notes to the Financial Statements

Year Ended June 30, 2021

(4) Investments

The composition of investments at fair value at June 30, 2021 and the fair value hierarchy of the valuation techniques used to measure fair value as described above is as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposits	<u>\$ -</u>	<u>109,862</u>	<u>-</u>	<u>109,862</u>

(5) Property and Equipment

Property and equipment consisted of the following at June 30, 2021:

Furniture and equipment	\$ 218,494
Leasehold improvements	82,012
Wayfinding signage	<u>914,773</u>
	1,215,279
Less accumulated depreciation	<u>(217,841)</u>
Net property and equipment	<u>\$ 997,438</u>

Depreciation expense for the year ended June 30, 2021 amounted to \$94,311.

(6) Loan Payable

On June 11, 2020, the VHB received a loan in the amount of \$150,000 from the U.S Small Business Administration pursuant to the Disaster Loan Assistance Program (EIDL). The loan bears interest at a rate of 2.75%. The loan is due on June 11, 2051. Payments of \$641 per month, including principal and interest, begin in June 2021. Future payments on the loan payable are as follows:

Year ending June 30,	Principal	Interest	Total
2022	\$ -	7,692	7,692
2023	3,344	4,348	7,692
2024	3,705	3,987	7,692
2025	3,809	3,883	7,692
2026	3,915	3,777	7,692
Thereafter	<u>135,227</u>	<u>49,746</u>	<u>184,973</u>
Total	<u>\$ 150,000</u>	<u>73,433</u>	<u>223,433</u>

On March 16, 2021, VHB received loan proceeds in the amount of \$245,559 under the second round of the Paycheck Protection Program (PPP). VHB has until September 6, 2021 to incur eligible payroll, benefits, rent and utilities expenses, and

VISIT HUNTINGTON BEACH

Notes to the Financial Statements

Year Ended June 30, 2021

(6) Loan Payable (Continued)

maintain payroll levels that will allow this PPP loan to be forgiven. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the 24-week period. VHB has until July 6, 2022 to apply for forgiveness.

The unforgiven portion of the PPP loan is payable over five years at an interest rate of 1%, with a deferral of payments for the first six months. VHB intends to use the proceeds for purposes consistent with the PPP. Management currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan.

The annual debt service requirements for the loan payable as of June 30, 2021 are as follows:

Year Ending June 30	Principal	Interest	Total
2022	\$ 43,814	1,882	45,696
2023	53,061	1,775	54,836
2024	53,594	1,242	54,836
2025	54,133	703	54,836
2026	40,957	172	41,129
Total	<u>\$ 245,559</u>	<u>5,774</u>	<u>251,333</u>

(7) Operating Lease Commitments

In September 2018, VHB entered into an operating lease for a new copy machine. The lease includes a provision whereby the lessor paid off the remaining payments due on the previous lease for the old copy machine. The new lease includes 60 payments of \$699 per month, including taxes. The lease terminates September 2023.

VHB relocated its administrative offices in August 2019. On February 4, 2019, VHB entered into a 10 year lease agreement effective upon move-in date to relocate the administrative office to 155 5th Street, Suite 111, Huntington Beach, California, with the option for two 5 year extension periods. VHB paid a deposit of \$29,205 that is fully refundable provided VHB meets the conditions in the agreement. The minimum lease payment is \$17,979 per month with an incremental cost of living increase each year.

VISIT HUNTINGTON BEACH
Notes to the Financial Statements
Year Ended June 30, 2021

(7) Operating Lease Commitments (Continued)

The total approximate minimum rental commitment is as follows:

Year Ending, June 30	Office	Equipment	Total
2022	\$ 247,417	18,138	265,555
2023	254,839	18,138	272,977
2024	268,186	-	268,186
2025	270,359	-	270,359
2026	278,470	-	278,470
Thereafter	910,003	-	910,003
Total	<u>\$ 2,229,274</u>	<u>36,276</u>	<u>2,265,550</u>

Operating lease expense totaled \$376,065 for the year ended June 30, 2021.

(8) Employee Benefit Plans

Employees are eligible to enroll in VHB's 457(b) salary deferral plan upon the first day of employment and to make optional contributions to the plan up to the limit permitted by federal and state law. Employee contributions are 100% vested. For the year ended June 30, 2021, employer contributions were 4% of employee compensation.

As of January 1, 2006, VHB implemented a 401(k) employee retirement plan covering all full-time employees. Under the program, VHB contributes 4% of all employee compensation, starting the first day of employment, without a waiting period. In addition, VHB matches 100% of elective employee contributions up to 4% of compensation, for a combined potential contribution of 8% of salary. Employee contributions are 100% vested; VHB contributions vest over a 4-year period, as follows:

1 year of service	25% vested
2 years of service	50% vested
3 years of service	75% vested
4 years of service	100% vested

VHB's contributions to the plan for the year ended June 30, 2021 totaled \$50,981.

VISIT HUNTINGTON BEACH

Notes to the Financial Statements

Year Ended June 30, 2021

(9) Liquidity and Availability

Financial assets available for general expenditure, that is without donor or other restrictions limiting their use within one year of June 30, 2021 are as follows:

Financial assets:	
Cash and cash equivalents	\$ 1,794,059
Accounts receivable	<u>1,778,630</u>
Total financial assets	3,572,689
Less purpose restricted net assets	<u>(19,069)</u>
Amount available for general expenditures within one year	<u>\$ 3,553,620</u>

As part of the liquidity management plan, VHB invests cash in excess of daily requirements in investments. VHB and the City of Huntington Beach review the annual cash needs of the Organization and could revise the amount of BID tax charged to hotel guests as necessary.

(10) Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following at June 30, 2021:

Purpose restrictions, available for spending:	
Marketing related projects	\$ <u>19,069</u>
Total purpose restricted net assets	<u>19,069</u>
Total net assets with donor restrictions	<u>\$ 19,069</u>

(11) Subsequent Events

Management has evaluated subsequent events through January 18, 2022, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

On August 17, 2021, VHB received a loan modification from the U.S. Small Business Administration to increase The EIDL loan from \$150,000 to \$500,000. The modified loan bears interest at a rate of 2.75%. The loan is due on June 11, 2051. Payments of \$2,180 per month, including principal and interest, begin in June 2022.