

SIERRA COLLEGE FOUNDATION

FINANCIAL STATEMENTS

June 30, 2023 and 2022

SIERRA COLLEGE FOUNDATION
Rocklin, California

FINANCIAL STATEMENTS
June 30, 2023 and 2022

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SIERRA COLLEGE FOUNDATION
EXECUTIVE DIRECTOR'S REPORT

June 30, 2023
(Unaudited)

Sierra College Foundation (SCF) provides resources to support Sierra College in its commitment to providing students with opportunities for quality education, innovation, and achievement. SCF plays a vital role in helping students access higher education, supporting faculty excellence, improving facilities, and enhancing the overall educational experience at Sierra College.

Sierra College Foundation is a non-profit corporation exempt from income tax under Section 501(c)(3) of the Internal Revenue Code that serves as a separate entity from Sierra College, a community college located in Northern California. The foundation's primary purpose is to support Sierra College by raising funds and managing resources to enhance the quality of education, support students, faculty, and staff, and contribute to the overall mission and goals of the college.

The financial statements of SCF communicate its financial condition and operational results. The statements are presented, in many ways, similar to those of business enterprises. They include:

- **Statement of Financial Position.** This report presents the financial position as of the end of the fiscal year (which is June 30th) including assets, liabilities, and net assets (equity). It should help the reader obtain information about SCF's long and short-term investments and net asset classifications.
- **Statement of Activities.** This report presents financial activity during the fiscal year, thereby reconciling the beginning and end-of-year net asset positions contained in the Statement of Financial Position. It provides activity information about the two classes of net assets and helps to distinguish net operating results from programmatic donor-directed activities.
- **Statement of Cash Flows.** This report presents cash-related activities during the fiscal year, thereby reconciling the beginning and end-of-year cash balances contained in the Statement of Financial Position. Like those required of for-profit entities, this statement segregates the activities of SCF into three categories: cash flows from operations, investing, and financing activities.

In other ways, however, SCF's statements differ from those of businesses. The revenue stream for SCF is primarily contributions from our donor base. Because the net assets may not be immediately available for use, our financial statements divide them into two classes: net assets without donor restrictions (unrestricted) and net assets with donor restrictions (restricted). The distinction among these classes is linked to the control SCF has over their use.

Statement of Financial Position

Current assets consist primarily of cash, cash equivalents, and receivables.

The finance committee has worked diligently throughout the year with its financial advisors to sustain a strong portfolio in accordance with SCF's investment policy. Through the generosity of donors, the foundation has been able to generate increased funding to support Sierra College students.

(Continued)

SIERRA COLLEGE FOUNDATION
EXECUTIVE DIRECTOR'S REPORT

June 30, 2023
(Unaudited)

Total net assets increased from \$13,301,669 to \$15,062,684. Net assets are directly impacted by the collection and subsequent use of donations as well as any changes in the market value of the investments. The following classes are contained within total net assets:

- *Net assets without donor restriction* are the amounts that are available to SCF for any purpose in support of its mission. This class of net assets increased by \$768,486 over the prior year.
- *Net assets with donor restriction* are restricted by the donor and can only be spent in accordance with the donor's specified criteria. Permanently endowed funds are included in this classification. This class of net assets increased by \$992,529 over the prior year.

Statement of Activities

The Statement of Activities includes the following categories:

Revenue, gains and other support are revenues received from bequests, grants, donors, corporate sponsorships, and fundraising events. Investment income and appreciation or depreciation of its investments is also reflected in this section.

- *Annual Fundraising.* SCF generated \$1,962,566 in contributions during 2022-2023, including unrestricted funds of \$897,120.
- *Annual Events.* SCF sponsored annual fundraising events such as Taste of Excellence and the Sierra College Golf Classic. Total revenues from fundraising events were \$572,977 (included in the total annual contribution amount listed above).

District support and Foundation expenses are payments for student scholarships, academic program support, fundraising expenses, and operating costs to carry out the mission of SCF.

As part of its mission, Sierra College Foundation raises funds and supports initiatives on campus. SCF **GIVES** summarizes the Sierra College Foundation's Core mission:

- **Guardian Scholars** - The Guardian Scholars Program offers comprehensive financial and educational support to emancipated youth attending Sierra College to ensure their educational success. For the thirteenth consecutive year, and with tremendous support from the community, SCF provided financial support and care-packs to emancipated youth attending Sierra College.

(Continued)

SIERRA COLLEGE FOUNDATION
EXECUTIVE DIRECTOR'S REPORT

June 30, 2023
(Unaudited)

- **Innovation** – Sierra College has developed a culture of innovation and experimentation with the goal of improving the lives of students, their families, and our community. SCF raises funds to support these innovative programs. As an example, we have raised funds to offer mini grants to students in the entrepreneurial program. These awards are given to students who compete and pitch their ideas to a panel of judges comprised of industry partners, community members, faculty, and other entrepreneurs. If selected, they receive funding to take their idea to market.
- **Veterans** – Sierra College serves over 300 veterans each year. SCF raises funds throughout the year to offer financial support to Veterans attending Sierra College, in the form of book vouchers, gas cards, emergency funding, etc.
- **Emergency Support** – SCF continues to see an increase in requests for student emergency funding. These requests support students with one-time emergencies that could potentially impact their ability to stay in school, i.e., temporary lodging, health care, car repairs, book vouchers, gas money, etc. SCF continues to raise funds to support this ongoing need.
- **SAFE - Student Assistance Fund Endowment (SAFE) and Scholarships** –SAFE funds offer financial assistance to students for basic needs, such as housing, food, transportation, and mental health. This year over \$100,000 was awarded to hundreds of students. SCF also awarded \$313,842 in scholarships enabling over 350 deserving students to pursue their dreams of higher education.

Each year, working with the College Administration, SCF selects a program or project on which to concentrate its fundraising efforts. In our ongoing communications with student services and counselors, we learned that the need for mental health assistance still remains very high. While the campus offers telehealth (an online therapy platform), there are many students who need in-person therapy. We were able to raise funds to offer those students up to 10 in-person therapy sessions through an external partner. The results have been life-changing for those who received the treatment.

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Statement of Cash Flows

The Statement of Cash Flows reflects the cash provided by and used in operating, capital and related financing and investing activities.

- Operating activities include funds received (i.e. from private donors' contributions and events) and payments (i.e., for programs, publicity, scholarships, grants, events and other services) provided by SCF's operations.
- Investing activities represent funds used to purchase investments, proceeds from the sale of investments and earnings on the investments held by SCF.

Economic Outlook

This has been another exciting fundraising year for SCF. SCF's Board of Directors recognizes this momentum and has agreed to continue its fundraising efforts for the existing projects that continue to have the highest impact on the lives of Sierra College students. These projects include the Guardian Scholars Program, Innovation, Veterans, Emergency Fund, Scholarships and SAFE, and mental health assistance.

The Board of Directors also continues to focus on expanding fundraising efforts and working with the district to identify campus needs that can be addressed through Foundation support.

We are proud to partner with the District and Placer County Transportation Planning Agency to offer free rides on public transportation to all Sierra College students.

One of our most significant achievements this year has been our commitment to address the housing challenges faced by our students. We recognize that access to safe and affordable housing is a critical factor in ensuring academic success.

Sierra College was awarded funding for construction of a 354-bed housing project. Once constructed, these beds will be available to low-income students at affordable rates. This project broke ground in December 2022, with a projected completion date of Spring 2025. SCF committed to raise funds to endow 10 beds to be offered free of cost to students with the highest need. We are proud to announce that we have already secured endowments for 4 beds! We are actively working to secure funding for the remaining 6 beds in order to reach our goal.

Stewardship is of utmost importance to SCF. We strive to meet the standards for charity accountability as set by the Better Business Bureau Wise Giving Alliance and the American Institute of Philanthropy.

SIERRA COLLEGE FOUNDATION
EXECUTIVE DIRECTOR'S REPORT
June 30, 2023
(Unaudited)

Contacting the Foundation's Financial Management

This financial report is designed to provide our citizens, taxpayers, donors, investors, and creditors with a general overview of SCF's finances and to demonstrate SCF's accountability for the money it receives. Please visit us at our website, www.sierracollege.edu/foundation. If you have questions about this report or need additional information, contact the Sierra College Foundation Executive Director, Sonbol Aliabadi, 5100 Sierra College Blvd., Rocklin, CA, (916) 660-7020.

SIERRA COLLEGE FOUNDATION
ORGANIZATION
June 30, 2023
(Unaudited)

The Sierra College Foundation (the "Foundation") is governed by a Board of Directors and is a legal entity separate from the Sierra Joint Community College District (the "District"). The Foundation was formed in 1972 and became incorporated in 1973.

The Foundation secures property by outright gift, bequest, will or trust and earnings from investments. The Foundation makes gifts, loans, grants and scholarships in order to promote, foster and implement the programs and activities of the District.

The Board of Directors for the fiscal year ended June 30, 2023 was comprised of the following members:

<u>Members</u>	<u>Office</u>	<u>Term Expires</u>
Robert Dugan	President	June 2023
Ed Bonner	President Elect	June 2025
Kris Mapes	Treasurer/Chief Financial Officer	June 2023
Bryant Milesi	Secretary	June 2025
Holly Tiche	Immediate Past President	June 2023
Kevin Barri	Vice President	June 2025
Grace Bowen	Vice President Governance	June 2025
Amanda Merz	VP Resource Development	June 2024
Caitlin Ross	Member	June 2023
Dave Breninger	Member	June 2024
Debbie Reitter	Member	June 2025
Denise Vonhof	Member	June 2024
John Crenshaw	Member	June 2025
Laura Latimer	Member	June 2024
Merryl Tengesdal	Member	June 2025
Ned Cohen	Member	June 2024
Robin Klomparens	Member	June 2024
Willy Duncan	District President/Superintendent	
Judy East	Designated NCC Coordinating Council	
Carol Garcia	Sierra College Board of Trustees	
Cari Dawson-Bartley	Sierra College Board of Trustees	

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Sierra College Foundation
Rocklin, California

Report on the Audit of the Financial Statements***Opinion***

We have audited the financial statements of Sierra College Foundation (the "Foundation"), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Sierra College Foundation as June 30, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year from the date the financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:


- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information

Management is responsible for the other information. The other information comprises the Executive Director's Report on pages 1 through 5 and Organization on page 6, but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.


Crowe LLP

Sacramento, California
December 5, 2023

FINANCIAL STATEMENTS

SIERRA COLLEGE FOUNDATION
STATEMENTS OF FINANCIAL POSITION
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 767,199	\$ 1,282,915
Investments	14,436,629	12,082,733
Prepaid expenses	15,750	24,950
Receivables	<u>40,616</u>	<u>27,673</u>
Total assets	<u>\$ 15,260,194</u>	<u>\$ 13,418,271</u>
LIABILITIES		
Accounts payable and accrued expenses	<u>197,510</u>	<u>116,602</u>
Total liabilities	<u>197,510</u>	<u>116,602</u>
NET ASSETS		
Net assets without donor restrictions:		
Undesignated	2,789,422	2,327,030
Board designated endowment	<u>1,487,421</u>	<u>1,181,327</u>
Net assets without donor restrictions	4,276,843	3,508,357
Net assets with donor restrictions	<u>10,785,841</u>	<u>9,793,312</u>
Total net assets	<u>15,062,684</u>	<u>13,301,669</u>
Total liabilities and net assets	<u>\$ 15,260,194</u>	<u>\$ 13,418,271</u>

See accompanying notes to financial statements.

SIERRA COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

	<u>Net Assets without Donor Restrictions</u>	<u>Net Assets with Donor Restrictions</u>	<u>Total</u>
Revenues, gains and other support:			
Contributions and grants	\$ 35,217	\$ 904,481	\$ 939,698
Investment income	110,658	198,003	308,661
Realized loss on sale of investments	(52,061)	(159,654)	(211,715)
Net unrealized gain on investments	576,683	810,918	1,387,601
Donated from the College District - in-kind	166,813	-	166,813
Administrative service fee	145,000	-	145,000
Special events and other revenues	<u>550,090</u>	<u>160,965</u>	<u>711,055</u>
Total revenues, gains and other support before assets released from restrictions	<u>1,532,400</u>	<u>1,914,713</u>	<u>3,447,113</u>
Net assets released from restrictions	<u>922,184</u>	<u>(922,184)</u>	<u>-</u>
Total revenues, gains and other support	<u>2,454,584</u>	<u>992,529</u>	<u>3,447,113</u>
District support and Foundation expenses:			
Scholarships granted	313,842	-	313,842
Academic program support	681,633	-	681,633
Administration	353,386	-	353,386
Fundraising	<u>337,237</u>	<u>-</u>	<u>337,237</u>
Total District support and Foundation expenses	<u>1,686,098</u>	<u>-</u>	<u>1,686,098</u>
Change in net assets	<u>768,486</u>	<u>992,529</u>	<u>1,761,015</u>
Net assets, July 1, 2022	<u>3,508,357</u>	<u>9,793,312</u>	<u>13,301,669</u>
Net assets, June 30, 2023	<u>\$ 4,276,843</u>	<u>\$ 10,785,841</u>	<u>\$ 15,062,684</u>

See accompanying notes to financial statements.

SIERRA COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

	<u>Net Assets without Donor Restrictions</u>	<u>Net Assets with Donor Restrictions</u>	<u>Total</u>
Revenues, gains and other support:			
Contributions and grants	\$ 52,863	\$ 1,288,387	\$ 1,341,250
PPP loan forgiveness	57,345	-	57,345
Investment income	148,977	263,286	412,263
Realized gain on sale of investments	19,613	119,995	139,608
Net unrealized loss on investments	(1,133,248)	(1,500,740)	(2,633,988)
Donated from the College District - in-kind	150,902	-	150,902
Donated from the College District	200,000	-	200,000
Administrative service fee	145,000	-	145,000
Special events and other revenues	480,465	63,078	543,543
	<u>121,917</u>	<u>234,006</u>	<u>355,923</u>
Total revenues, gains and other support before assets released from restrictions			
Net assets released from restrictions	<u>710,203</u>	<u>(710,203)</u>	<u>-</u>
Total revenues, gains and other support	<u>832,120</u>	<u>(476,197)</u>	<u>355,923</u>
District support and Foundation expenses:			
Scholarships granted	302,565	-	302,565
Academic program support	513,207	-	513,207
Administration	329,664	-	329,664
Fundraising	364,419	-	364,419
Total District support and Foundation expenses	<u>1,509,855</u>	<u>-</u>	<u>1,509,855</u>
Change in net assets	<u>(677,735)</u>	<u>(476,197)</u>	<u>(1,153,932)</u>
Net assets, July 1, 2021	<u>4,186,092</u>	<u>10,269,509</u>	<u>14,455,601</u>
Net assets, June 30, 2022	<u>\$ 3,508,357</u>	<u>\$ 9,793,312</u>	<u>\$ 13,301,669</u>

See accompanying notes to financial statements.

SIERRA COLLEGE FOUNDATION
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Donations received from contributions and other revenues	\$ 1,792,009	\$ 2,286,531
Contributions and other revenues with donor restrictions for long term investment	(345,629)	(856,935)
Payments to suppliers for goods and services	(767,151)	(701,365)
Payments to/on behalf of employees	(357,384)	(393,268)
Payments to/on behalf of students	(313,842)	(302,565)
Other receipts and payments	<u>378,879</u>	<u>483,744</u>
Net cash provided by operating activities	<u>386,882</u>	<u>516,142</u>
Cash flows from investing activities:		
Purchases of investments	(2,718,281)	(3,869,068)
Investment management fees	(70,218)	(71,481)
Proceeds from sale of investments	<u>1,540,272</u>	<u>2,792,180</u>
Net cash used in investing activities	<u>(1,248,227)</u>	<u>(1,148,369)</u>
Cash flows provided by financing activities:		
Contributions and other revenues restricted for long term investments	<u>345,629</u>	<u>856,935</u>
Net cash provided by financing activities	<u>345,629</u>	<u>856,935</u>
Change in cash and cash equivalents	(515,716)	224,708
Cash and cash equivalents, beginning of year	<u>1,282,915</u>	<u>1,058,207</u>
Cash and cash equivalents, end of year	<u><u>\$ 767,199</u></u>	<u><u>\$ 1,282,915</u></u>
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	\$ 1,761,015	\$ (1,153,932)
Realized loss on sales of investments	211,715	(139,608)
Investment management fees	70,217	71,481
Net change in the fair value of investments	(1,387,601)	2,633,988
Contributions with donor restrictions for long term investment	(345,629)	(856,935)
PPP loan forgiveness	-	(57,345)
Changes in assets and liabilities:		
Receivables	(12,943)	14,343
Prepaid expenses	9,200	(14,950)
Accounts payable and accrued expenses	<u>80,908</u>	<u>19,100</u>
Net cash provided by operating activities	<u><u>\$ 386,882</u></u>	<u><u>\$ 516,142</u></u>
Supplemental disclosure of cash flow information		
Non-cash transaction		
PPP Loan forgiveness	\$ -	\$ 57,345

See accompanying notes to financial statements.

SIERRA COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization: Sierra College Foundation (the "Foundation") is a not-for-profit public benefit corporation organized to provide support to various programs and functions of Sierra Joint Community College District (the "District"), as well as to provide a link between the District and the community. The Foundation is considered a component unit of the District for financial reporting purposes and, accordingly, is reported as a discreetly presented component unit in the District's financial statements.

The mission of Sierra College Foundation is to give the members of our community the opportunity to assist and invest in the development of quality educational opportunities for all.

In concert with Sierra College and the community it serves, the Foundation commits itself to work toward educational excellence, and to assist in the implementation of the mission of Sierra College to provide a supportive learning environment enriched by diversity, which promotes personal and professional success, leadership, innovation, responsibility, and a sense of community.

Basis of Accounting: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation: The Foundation has adopted the provisions of Codification Topic 958-605, *Accounting for Contributions Received and Contributions Made*, and Codification Topic 958-205, *Financial Statements of Not-for-Profit Organizations*. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* – Net assets not subject to donor-imposed stipulations. As of June 30, 2023 and 2022, \$1,487,421 and \$1,181,327, respectively, were designated by the Board of the Foundation for a Board-designated endowment.
- *Net Assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restriction on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Cash Equivalents: The Foundation considers all highly liquid investments with original maturity dates of three months or less as cash equivalents.

Receivables: Receivables consist of unconditional promises to give. Unconditional promises to give are expected to be collected within one year and are recorded at net realizable value. The Foundation utilizes the allowance method for accounting for uncollectible receivables. No allowance was necessary at June 30, 2023 or 2022.

(Continued)

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments: Investments in equity marketable securities are carried at fair value. Net change in the fair value of investments, which consists of realized gains or losses and the unrealized appreciation (depreciation) of those investments, is reported in the statement of activities. Investment income is accrued as earned. Security transactions are recorded on a trade date basis.

Included in total investments at June 30, 2023 and 2022 is an investment in a closely held company in the amount of \$91,495. This investment without readily determinable fair value is carried at cost because of the Foundation's inability to exercise significant influence over the company.

Net Assets: The Foundation accounts for its endowments in accordance with *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to and Enacted Version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and Enhanced Disclosures for All Endowment Funds* (Codification Topic 958-205). The Foundation's endowment currently consists of 48 individual funds established for the purpose of supporting education at the District. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Foundation follows adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain purchasing power of the endowment assets. Endowment assets include those net assets with donor restrictions funds that the Foundation must hold in perpetuity or for a donor-specific period(s) as well as board-designated funds.

The investment objective is to optimize earnings on all invested funds, while maintaining the preservation of capital. Risk will be minimized by investing in high quality fixed income instruments. To the extent that corporate obligations are purchased, those purchases will be diversified in terms of issuer and industry sector.

Contributions: Contributions are recognized as revenues in the period received. Unconditional promises to give (pledges) are recognized as revenue when the commitment is communicated to the Foundation. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are met. Contributions are considered available for unrestricted use unless specifically restricted by the donor. Event revenues received in advance are deferred and recognized in the period as the events occur.

(Continued)

SIERRA COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration of Credit Risk: The Foundation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts. Management believes the Foundation is not exposed to any significant credit risk related to cash.

At June 30, 2023, the carrying amount of the Foundation's cash on hand in banks and cash equivalents was \$1,405,730 and the bank balance was \$1,443,345. The bank balance amount insured by the Federal Deposit Insurance Corporation or Securities Investor Protection Corporation was \$992,180. At June 30, 2022, the carrying amount of the Foundation's cash on hand in banks and cash equivalents was \$1,975,449 and the bank balance was \$1,967,789. The bank balance amount insured by the Federal Deposit Insurance Corporation or Securities Investor Protection Corporation was \$1,034,085.

Tax Status: The United States Treasury Department determined that the Foundation is a nonprofit tax-exempt corporation as defined by Internal Revenue Code Section 501(c)(3). A similar determination was made by the California Franchise Tax Board under Section 237 of the State Revenue and Taxation code.

In 2003, the Foundation Board of Directors approved the 501(h) lobby election of the Internal Revenue Code. Such status provides the Foundation with the ability to participate in the public policy process through lobbying and advocacy campaigns, but limits the Foundation's expenses for this purpose to a maximum of 20% of the first \$500,000 of annual expenditures.

The Foundation 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 College Foundation does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months. Interest and penalties on tax assessments are classified as an expense when incurred. For the years ended June 30, 2023 and 2022, the Foundation did not incur any interest or penalties.

The Foundation would recognize interest and penalties related to unrecognized tax benefits in tax expense. During the year ended June 30, 2023 and 2022, the Foundation did not recognize any interest or penalties. The Foundation files exempt organization returns in the U.S. Federal and California jurisdictions. The returns remain subject to examination by the U.S. Federal jurisdiction for three years after the return is filed and for four years by the California jurisdiction. There are currently no tax years under examination.

Use of Estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

Reclassifications: Certain reclassification to the summarized comparative information have been made to conform to the current year presentation. The reclassifications have no effect on the previously reported net assets or change in net assets.

(Continued)

SIERRA COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022

NOTE 2 – INVESTMENTS

Investments consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 653,976	\$ 692,534
Mutual funds	12,187,023	5,576,369
Corporate stocks	-	3,226,758
Real estate investment trusts	824,627	525,776
Bonds - corporate	-	1,278,111
Investment in Foundation for California Community Colleges Scholarship Endowment (FCCC/Osher)	679,508	691,690
Equity security	<u>91,495</u>	<u>91,495</u>
Total investments	<u>\$ 14,436,629</u>	<u>\$ 12,082,733</u>

Included in total investments at June 30, 2023 and 2022 is an equity investment in a closely held company in the amount of \$91,495. This investment without readily determinable fair value is carried at cost because of the Foundation's inability to exercise significant influence over the company.

The Foundation invests in a pooled scholarship endowment fund, FCCC/Osher, managed by the Foundation for California Community Colleges (FCCC). The objective of the Foundation's investment in FCCC/Osher is to grow the Foundation's investments through the Bernard Osher Foundation pledge to match funds contributed to FCCC/Osher. Funds invested in the endowment fund by the Foundation cannot be removed at any time. The investment managers engaged by FCCC are required to follow specific guidelines set forth by FCCC with respect to the various types of allowable investments purchased and held by the pool. Accordingly, the estimated fair value of these investments is based on information provided by external investment managers engaged by FCCC. At June 30, 2023, the Foundation investment in the pool consisted of 6% cash and short-term investments, 27% fixed income securities, and 67% equity securities. At June 30, 2022, the Foundation investment in the pool consisted of 5% cash and short-term investments, 29% fixed income securities, and 66% equity securities.

(Continued)

SIERRA COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022

NOTE 2 – INVESTMENTS (Continued)

The Foundation's investments outside of the pooled fund, consist of open-end mutual funds, therefore, there is no significant interest rate risks related to the investments held, as there are no maturities related to the mutual funds held.

Fair Value Measurements

The following presents information about the Foundation's assets and liabilities measured at fair value on a recurring basis, and indicates the fair value hierarchy of the valuation techniques utilized by the Foundation to determine such fair value based on the hierarchy:

Level 1 – Quoted market prices or identical instruments traded in active exchange markets. Level 1 investments include mutual funds, corporate stocks, real estate investment trusts, and cash and cash equivalents held in money market funds.

Level 2 – Significant other observable inputs such as quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable or can be corroborated by observable market data. Level 2 investments include corporate bonds.

Level 3 – Significant unobservable inputs that reflect a reporting entity's own assumptions about the methods that market participants would use in pricing an asset or liability. Level 3 investments include the investment in FCCC/Osher.

The Foundation is required or permitted to record the following assets at fair value on a recurring basis:

<u>June 30, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 653,976	\$ -	\$ -	\$ 653,976
Mutual funds - equities	8,987,868	-	-	8,987,868
Mutual funds - fixed income	3,199,155	-	-	3,199,155
Corporate stocks	-	-	-	-
Real estate investments trusts	824,627	-	-	824,627
Bonds - corporate	-	-	-	-
Investment in FCCC/Osher	-	-	679,508	679,508
Total investments at fair value	<u>\$ 13,665,626</u>	<u>\$ -</u>	<u>\$ 679,508</u>	14,345,134
Investments held at cost				<u>91,495</u>
Total investments	<u>\$ 13,665,626</u>	<u>\$ -</u>	<u>\$ 679,508</u>	<u>\$ 14,436,629</u>

(Continued)

SIERRA COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022

NOTE 2 – INVESTMENTS (Continued)

<u>June 30, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 692,534	\$ -	\$ -	\$ 692,534
Mutual funds - equities	3,917,859	-	-	3,917,859
Mutual funds - fixed income	1,658,510	-	-	1,658,510
Corporate stocks	3,226,758	-	-	3,226,758
Real estate investments trusts	525,776	-	-	525,776
Bonds - corporate	-	1,278,111	-	1,278,111
Investment in FCCC/Osher	-	-	691,690	691,690
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total investments at fair value	<u>\$ 10,021,437</u>	<u>\$ 1,278,111</u>	<u>\$ 691,690</u>	11,991,238
Investments held at cost				<u>91,495</u>
Total investments	<u>\$ 10,021,437</u>	<u>\$ 1,278,111</u>	<u>\$ 691,690</u>	<u>\$ 12,082,733</u>

Investment in FCCC/Osher – The fair value of the funds held by FCCC is based upon the Foundation’s proportionate share of the FCCC/Osher pooled investment portfolio (Level 3 inputs). Foundation management reviews the valuations and returns in comparison to industry benchmarks and other information provided by FCCC, but there is currently no visibility provided by FCCC to the specific listing of underlying investment holdings.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

There were no changes in the valuation techniques used during the years ended June 30, 2023 and 2022. There were no transfers of assets between the fair value levels for the years ended June 30, 2023 and 2022.

NOTE 3 – NET ASSETS

Board-designated endowment funds – The Board of the Foundation has designated endowment funds for the Technology Endowment, Sierra College Foundation Scholarship endowment and Student Emergency (911) endowment. Board designated endowment funds of \$1,487,421 and \$1,181,327 are included in net assets without donor restrictions as of June 30, 2023 and 2022, respectively.

(Continued)

SIERRA COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022

NOTE 3 – NET ASSETS (Continued)

Net assets with donor restriction – A summary of net assets with donor restrictions and the related donor restrictions are as follows at June 30:

	<u>2023</u>	<u>2022</u>
Academic program	\$ 1,325,133	\$ 1,192,240
Scholarships and awards	533,521	522,557
Fundraising	102,920	136,850
Endowment:		
Restricted in perpetuity	7,239,198	6,965,798
Accumulated unspent earnings for scholarships and awards	<u>1,585,069</u>	<u>975,867</u>
Total endowment	<u>8,824,267</u>	<u>7,941,665</u>
	<u>\$ 10,785,841</u>	<u>\$ 9,793,312</u>

Restricted for endowment – At June 30, 2023 and 2022, the Foundation held \$8,824,267 and \$7,941,665, respectively, in endowment funds for scholarships and awards. The investment income earned on these net assets with donor restrictions are generally restricted as to purpose and is held in net assets with donor restriction until the purpose is met at which time the funds are released from restriction.

Changes in endowment net assets for the fiscal year ended June 30, 2023, consisted of the following:

	<u>Net Assets without Donor Restrictions</u>	<u>Net Assets with Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 1,181,327	\$ 7,941,665	\$ 9,122,992
Change in fair value of investments and investment income	240,611	645,763	886,374
Contributions	-	345,629	345,629
Other transfer	153,759	181,975	335,734
Appropriation of endowment assets for expenditure	<u>(88,276)</u>	<u>(290,765)</u>	<u>(379,041)</u>
Endowment net assets, end of year	<u>\$ 1,487,421</u>	<u>\$ 8,824,267</u>	<u>\$ 10,311,688</u>

Endowment net asset composition by type of fund for the fiscal year ended June 30, 2023, consisted of the following:

	<u>Net Assets without Donor Restrictions</u>	<u>Net Assets with Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 8,824,267	\$ 8,824,267
Board-designated endowment funds	<u>1,487,421</u>	<u>-</u>	<u>1,487,421</u>
Total	<u>\$ 1,487,421</u>	<u>\$ 8,824,267</u>	<u>\$ 10,311,688</u>

(Continued)

SIERRA COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022

NOTE 3 – NET ASSETS (Continued)

Changes in endowment net assets for the fiscal year ended June 30, 2022, consisted of the following:

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 1,397,704	\$ 8,468,001	\$ 9,865,705
Change in fair value of investments and investment income	(200,830)	(1,114,480)	(1,315,310)
Contributions	-	856,935	856,935
Other transfer	-	(8,748)	(8,748)
Appropriation of endowment assets for expenditure	(15,547)	(260,043)	(275,590)
Endowment net assets, end of year	<u>\$ 1,181,327</u>	<u>\$ 7,941,665</u>	<u>\$ 9,122,992</u>

Endowment net asset composition by type of fund for the fiscal year ended June 30, 2022, consisted of the following:

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 7,941,665	\$ 7,941,665
Board-designated endowment funds	1,181,327	-	1,181,327
Total	<u>\$ 1,181,327</u>	<u>\$ 7,941,665</u>	<u>\$ 9,122,992</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. For the year ended June 30, 2023, there were five donor-restricted funds with deficiencies totaling approximately \$14,000. The original value of these funds was approximately \$542,000. For the year ended June 30, 2022, there were seven donor-restricted funds with deficiencies totaling approximately \$96,000. The original value of these funds was approximately \$1,560,000.

NOTE 4 – RELATED PARTY TRANSACTIONS

Administrative Service Fee - The Foundation earned revenues of \$145,000 during the years ended June 30, 2023 and 2022, for services provided to the District in assisting in the administration of scholarships to individual students in accordance with the terms and conditions specified in the individual scholarship fund.

Donation from the District – During the year ended June 30, 2023, the District did not provide any additional cash contributions to the Foundation. During the year ended June 30, 2022, the District provided \$200,000 in cash contributions to the Foundation.

(Continued)

SIERRA COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022

NOTE 4 – RELATED PARTY TRANSACTIONS (Continued)

In-kind Donation from the District - The Foundation received in-kind donations from the District totaling \$166,813 and \$150,902 for the years ended June 30, 2023 and 2022, respectively. This consisted of accounting and management support, comprehensive insurance, office space, and other miscellaneous internal services as provided by the District. The valuation of such services and facilities is determined based upon various factors including employee salaries and benefits, office rent, and certain other operating expenses.

These items are recorded as contributions in net assets without donor restrictions on the statement of activities at their estimated fair value for the years ended June 30, 2023 and 2022, respectively. A breakdown of the amounts is as follows:

	<u>2023</u>	<u>2022</u>
Salaries and benefits	\$ 146,043	\$ 133,452
Audit and professional fees	5,000	5,000
Office space	<u>15,770</u>	<u>12,450</u>
	<u>\$ 166,813</u>	<u>\$ 150,902</u>

NOTE 5 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Financial assets		
Cash and cash equivalents	\$ 767,199	\$ 1,282,915
Investments	14,436,629	12,082,733
Receivables	<u>40,616</u>	<u>27,673</u>
Subtotal financial assets	15,244,444	13,393,321
Less those not available for general expenditures		
Endowment assets invested	(8,824,267)	(7,941,665)
Board-designated endowments	<u>(1,487,421)</u>	<u>(1,181,327)</u>
Financial assets available to meet cash needs for general expenditures	<u>\$ 4,932,756</u>	<u>\$ 4,270,329</u>

The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. Fixed income investments have both short-term and longer-term maturities. However, the investments can be liquidated to meet general expenditures as needed. The receivables are subject to implied time restrictions but are expected to be collected within one year.

(Continued)

SIERRA COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022

NOTE 6 – EXPENSES BY BOTH NATURE AND FUNCTION

Expenses are presented below by functional classification in accordance with the overall service mission of the University. Each functional classification displays all expenses related to the underlying operations by natural classification.

	<u>Program Activities</u>			<u>Supporting Activities</u>		<u>Total Expense</u>
	<u>Scholarships</u>	<u>Academic Program Support</u>	<u>Total Program Activities</u>	<u>Administration</u>	<u>Fundraising</u>	
<u>2023</u>						
Salaries and benefits	\$ -	\$ 122,832	\$ 122,832	\$ 217,796	\$ 181,294	\$ 521,922
Services, supplies and other operating expenses	-	558,801	558,801	135,590	-	694,391
Events	-	-	-	-	155,943	155,943
Scholarships	313,842	-	313,842	-	-	313,842
	<u>\$ 313,842</u>	<u>\$ 681,633</u>	<u>\$ 995,475</u>	<u>\$ 353,386</u>	<u>\$ 337,237</u>	<u>\$ 1,686,098</u>
<u>2022</u>						
Salaries and benefits	\$ -	\$ 112,162	\$ 112,162	\$ 203,793	\$ 229,165	\$ 545,120
Services, supplies and other operating expenses	-	401,045	401,045	125,871	-	526,916
Events	-	-	-	-	135,254	135,254
Scholarships	302,565	-	302,565	-	-	302,565
	<u>\$ 302,565</u>	<u>\$ 513,207</u>	<u>\$ 815,772</u>	<u>\$ 329,664</u>	<u>\$ 364,419</u>	<u>\$ 1,509,855</u>

NOTE 7 - PAYCHECK PROTECTION PROGRAM

On February 25, 2021, the Foundation applied for and obtained a Paycheck Protection Program (PPP) loan under a program offered by the United States Small Business Administration (SBA) in the amount of \$57,345. The PPP loan had a stated interest rate of 1% per annum and required equal monthly payments of principal commencing February 18, 2021 through the contractual maturity date of August 5, 2021. Under the terms of the Paycheck Protection Program, a PPP loan provides for conditional forgiveness if the Foundation utilizes the loan proceeds on admissible expenses, including qualifying payroll, rent, and utility expenses, and maintains employment and compensation levels for a specified period of time.

The Foundation has elected to account for its PPP loan as a conditional contribution in accordance with Subtopic 958-605. Under Subtopic 958-605, the PPP loan proceeds are initially recorded as a deferred grant liability and subsequently recognized as grant revenue when the Foundation has substantially met all conditions for forgiveness. The entire balance was reported as a grant advance liability as of June 30, 2021. The Foundation received approval from the SBA for unconditional full forgiveness on the above loan on October 21, 2021. At June 30, 2022, the Foundation has satisfied the forgiveness conditions and, therefore, the loan proceeds have been recorded as contributions and grants revenue on the 2022 statement of activities.

(Continued)

SIERRA COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022

NOTE 8 – SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through December 5, 2023, the date the financial statements were available to be issued, and believes no additional accrual or disclosures are required in the financial statements, except as discussed in elsewhere within the Notes to the financial statements.