

**SIERRA COMMUNITY COLLEGE FOUNDATION**  
Rocklin, California

**FINANCIAL STATEMENTS**  
June 30, 2014 and 2013

SIERRA COMMUNITY COLLEGE FOUNDATION  
Rocklin, California

FINANCIAL STATEMENTS  
June 30, 2014 and 2013

CONTENTS

EXECUTIVE DIRECTOR'S REPORT (UNAUDITED) .....	1
ORGANIZATION (UNAUDITED) .....	5
INDEPENDENT AUDITOR'S REPORT .....	6
FINANCIAL STATEMENTS:	
STATEMENTS OF FINANCIAL POSITION .....	8
STATEMENT OF ACTIVITIES – YEAR ENDED JUNE 30, 2014 .....	9
STATEMENT OF ACTIVITIES – YEAR ENDED JUNE 30, 2013 .....	10
STATEMENTS OF CASH FLOWS.....	11
NOTES TO FINANCIAL STATEMENTS .....	12

SIERRA COMMUNITY COLLEGE FOUNDATION  
EXECUTIVE DIRECTOR'S REPORT

June 30, 2014  
(Unaudited)

---

The Sierra Community College Foundation provides members of the community the opportunity to assist and invest in the development of quality educational opportunities for Sierra Community College students. In concert with the College and the community it serves, the Foundation commits itself to work toward educational excellence by identifying donor resources to support a learning environment enriched by diversity, which promotes personal and professional success, leadership, innovation, responsibility, and a sense of community.

The Sierra Community College Foundation is a nonprofit corporation exempt from income tax under Section 501(c) (3) of the Internal Revenue Code whose sole purpose is to provide financial assistance to the Sierra Community College students and programs, through scholarships, educational projects, and capital development.

The financial statements of the Foundation 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 30<sup>th</sup>) including assets, liabilities, and net assets (equity). It should help the reader obtain information about the Foundation'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 three 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 the foundation into three categories: cash flows from operations, investing, and financing activities.

In other ways however, the Foundation statements differ from those of businesses. The revenue stream for the Foundation is primarily contributions from our donor base. Because the net assets may not be immediately available for use, our financial statements divide them into three classes: Unrestricted, Temporarily Restricted and Permanently Restricted. The distinction among these classes is linked to the control the Foundation has over their use.

### **Statement of Financial Position**

Assets consist primarily of cash, cash equivalents, and receivables.

The finance committee has worked diligently throughout the year with its financial advisor to sustain a strong portfolio in accordance with the Foundation's investment policy. As the economy grows stronger, with the generosity of its donors, and with markets performing better, the Foundation's financial position continues to grow and remains strong.

---

(Continued)

SIERRA COMMUNITY COLLEGE FOUNDATION  
EXECUTIVE DIRECTOR'S REPORT

June 30, 2014  
(Unaudited)

---

*Total net assets* increased from \$5,969,641 to \$6,817,535. 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.

- Unrestricted net assets are the amounts that are available to the Foundation for any purpose in support of its mission. This class of net assets increased by \$380,010 over the prior year.
- Temporarily restricted net assets are restricted by the donor and can only be spent in accordance with the donor's specified criteria. This class of net assets increased by \$339,053 over the prior year.
- Permanently restricted net assets are endowment funds where only endowment investment earnings may be spent. The corpus is non-expendable and must be held in perpetuity. This class of net assets increased by \$128,831.

### **Statement of Activities**

The Statement of Activities includes the following categories:

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

- *Annual Fundraising.* The Foundation generated \$1,239,376 in contributions for 2013-2014, including unrestricted contributions of \$688,532.
- *Annual Events.* The Foundation sponsored the annual Taste of Excellence, Science Museum – Dino Days, the Wolverine Athletic Association Golf Tournament, and Patrons Crab Feed events. Total revenues from annual events were \$253,956 (included in the total annual fundraising amount listed above).

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

- *Scholarships.* Sierra College Foundation offers more than 300 scholarships annually. This year, total scholarships awarded were \$268,148, benefiting over 200 students.
- *Student Emergency Support.* The Foundation continued to see an increase in requests for student emergency funding. These requests are to 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. The Foundation was successful in establishing both a Board Designated and a true endowment of over \$250,000 to provide one-time emergency grants (maximum of \$500 per student) to these students.

---

(Continued)

SIERRA COMMUNITY COLLEGE FOUNDATION  
EXECUTIVE DIRECTOR'S REPORT

June 30, 2014  
(Unaudited)

---

- *Former Foster Youth.* For the sixth consecutive year, with support from the community, the Sierra College Foundation has been able to offer care-packs to emancipated youths attending Sierra College. This year over 125 care-packs were distributed to these students. These care-packs included school supplies, basic hygiene items, grocery cards, book vouchers, scientific calculators, flash drives, and other necessities to help these students begin a successful college journey.
- *Program Support.* The Foundation has adopted the "Program Development" concept. Each year, three selected programs will receive funding (seed money) for three consecutive years, to assist the program with strategic planning and fundraising in order to become financially self-sustained. The funding for each program will be reduced in their second and third years with the goal that at the end of the third year, each program should have raised enough funds to establish an endowment for its operation. At any given year, each program will be at a different stage of development. Based on the District recommendation, the Foundation selected the Natural History Museum as its first program to support. The museum is an outstanding instructional tool as well as a treasured community asset. In its second year of development, the fundraising for the museum is well underway. This fiscal year, the Foundation Board of Directors adopted the Athletics department as the beneficiary of its program development assistance. Plans have been established to assist the department with its fundraising needs as well as strengthening the main fundraising arm of the Athletics Department, the Wolverine Athletics Association. The Foundation has implemented the Friends asking Friends online fundraising tool for the department to help them in raising funds for their tournament fees, travels, uniforms etc.
- *Veterans Center.* The Foundation was successful in raising funds to help open a Veterans Center in support of more than 900 veterans attending Sierra College. Funds were used to purchase computers and furniture for the Center. The Center offers comprehensive support, i.e. GI bill application, counseling, tutoring, mentoring, job placement, etc. to all veterans at Sierra College.
- *Technology and Wi-Fi upgrade.* The Foundation was able to raise funds to assist in upgrading the technology infrastructure as well as increasing the Wi-Fi bandwidth on campus which benefits all students, faculty, and staff.
- *Operating Expenses.* These expenses include the compensation for the Executive Director and Foundation staff (2 full-time employees and 2 part-time employee), as well as office operating expenses.

The change in net assets is the result of the fiscal year's excess revenues over expenses; which is also the change in total net assets on the Statement of Financial Position. Donations are often received in one fiscal year for a particular purpose identified by the donor but not spent until a subsequent fiscal year.

### **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 the Foundation's operations.
- Investing activities represent funds used to purchase investments, proceeds from the sale of investments and earnings on the investments held by the Foundation.

---

(Continued)

SIERRA COMMUNITY COLLEGE FOUNDATION  
EXECUTIVE DIRECTOR'S REPORT

June 30, 2014  
(Unaudited)

---

### **Economic Outlook**

The Foundation Board of Directors at its annual goal setting meeting agreed to continue its fundraising efforts by increasing the number of individual donors (including alumni), private foundations, and corporate partnerships. As the economic conditions improve, the Foundation will be poised to increase its outreach and efforts in the community to secure funding for Sierra College students and programs.

Each member of the Board of Directors is committed to actively identify new individuals and corporate partners who may want to offer financial support to Sierra College. The Board will continue to raise funds for projects that they determine will have the highest impact on the lives of Sierra College students. As stated earlier, this past year the Foundation has provided program support to the Natural History Museum and the Athletics Department. The Board of Directors has also approved to continue raising funds for existing special projects: Care Packs for Emancipated Foster Youth attending Sierra College, emergency funding for students facing one time emergencies, and the veterans attending Sierra College. 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.

Stewardship is of utmost importance to the Foundation. 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.

### **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 the Foundation's finances and to demonstrate the Foundation's accountability for the money it receives. Please visit us at our website, [www.sierracollege.edu/foundation](http://www.sierracollege.edu/foundation). If you have questions about this report or need additional information, contact the Sierra Community College Foundation Executive Director, Sonbol Aliabadi, 5000 Rocklin Road, Rocklin, CA, (916) 660-7020.



Sonbol Aliabadi  
Executive Director

SIERRA COMMUNITY COLLEGE FOUNDATION  
 ORGANIZATION  
 June 30, 2014  
 (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, 2014 was comprised of the following members:

Members	Office	Term Expires
Robert Dugan	President	June 2014
Holly Tiche	Past President	June 2015
Kris Mapes	Chief Financial Officer	June 2015
John Crenshaw	Vice President Strategic Planning	June 2014
Mark Miller	Vice President Governance	June 2014
Richard Robinson	Vice President Operations	June 2015
Nancy Abreu	Member	June 2015
Ned Cohen	Member	June 2015
Susan Goto	Member	June 2014
Jim Gray	Member	June 2015
Bill Halldin	Member	June 2015
Julie Hanson	Member	June 2014
Steve Metzgar	Member	June 2015
Andrew Nelson	Member	June 2014
Howard Rudd	Member	June 2015
Willy Duncan	District President/Superintendent	
Judy East	Designated NCC Coordinating Council	
Aaron Klein	Sierra College Board of Trustees	
Barbara Vineyard	Designated Rocklin Coordinating Council	
Vacant	Designated Rocklin Coordinating Council	
Vacant	Designated Truckee Coordinating Council	

---

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Sierra College Foundation  
Rocklin, California

**Report on the Financial Statements**

We have audited the accompanying financial statements of Sierra College Foundation (the "Foundation") which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 audit opinion.

---

(Continued)

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sierra College Foundation as of June 30, 2014 and 2013, 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 Matter***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Executive Director's Report on pages 1 through 4 and Organization on page 5 are presented for purposes of additional analysis and are 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 not been subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we do not express an opinion or provide any assurance on it.

*Crowe Horwath LLP*  
Crowe Horwath LLP

Sacramento, California  
January 16, 2015

## **FINANCIAL STATEMENTS**

SIERRA COMMUNITY COLLEGE FOUNDATION  
STATEMENTS OF FINANCIAL POSITION  
June 30, 2014 and 2013

---

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 554,166	\$ 797,628
Investments	6,125,344	5,096,141
Receivables	<u>196,354</u>	<u>128,898</u>
Total assets	<u>\$ 6,875,864</u>	<u>\$ 6,022,667</u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	<u>\$ 58,329</u>	<u>\$ 53,026</u>
<b>NET ASSETS</b>		
Unrestricted	2,322,688	1,942,678
Temporarily restricted	1,708,306	1,369,253
Permanently restricted for endowments	<u>2,786,541</u>	<u>2,657,710</u>
Total net assets	<u>6,817,535</u>	<u>5,969,641</u>
Total liabilities and net assets	<u>\$ 6,875,864</u>	<u>\$ 6,022,667</u>

---

See accompanying notes to financial statements.

SIERRA COMMUNITY COLLEGE FOUNDATION  
STATEMENTS OF ACTIVITIES  
Year Ended June 30, 2014

	2014			Total
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Revenues, gains and other support:				
Contributions and grants	\$ 34,693	\$ 350,444	\$ 86,806	\$ 471,943
Investment income	25,095	99,181	-	124,276
Realized loss on sale of investments	(4,970)	(18,650)	-	(23,620)
Net change in the fair value of investments	174,042	484,647	-	658,689
Donated from the College District	274,359	-	-	274,359
Special events and other revenues	<u>379,480</u>	<u>113,594</u>	<u>-</u>	<u>493,074</u>
Total revenues, gains and other support before assets released from restrictions and other transfers	882,699	1,029,216	86,806	1,998,721
Net assets released from restrictions and other transfers	<u>648,138</u>	<u>(690,163)</u>	<u>42,025</u>	<u>-</u>
Total revenues, gains and other support	<u>1,530,837</u>	<u>339,053</u>	<u>128,831</u>	<u>1,998,721</u>
District support and Foundation expenses:				
Scholarships	268,140	-	-	268,140
Academic program support	132,635	-	-	132,635
Grants	145,250	-	-	145,250
Administration	448,448	-	-	448,448
Fundraising	<u>156,354</u>	<u>-</u>	<u>-</u>	<u>156,354</u>
Total District support and Foundation expenses	<u>1,150,827</u>	<u>-</u>	<u>-</u>	<u>1,150,827</u>
Change in net assets	<u>380,010</u>	<u>339,053</u>	<u>128,831</u>	<u>847,894</u>
Net assets, July 1, 2013	<u>1,942,678</u>	<u>1,369,253</u>	<u>2,657,710</u>	<u>5,969,641</u>
Net assets, June 30, 2014	<u>\$ 2,322,688</u>	<u>\$ 1,708,306</u>	<u>\$ 2,786,541</u>	<u>\$ 6,817,535</u>

See accompanying notes to financial statements.

SIERRA COMMUNITY COLLEGE FOUNDATION  
STATEMENTS OF ACTIVITIES  
Year Ended June 30, 2013

	2013			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Revenues, gains and other support:				
Contributions and grants	\$ 16,975	\$ 213,788	\$ 58,260	\$ 289,023
Investment income	29,209	65,050	-	94,259
Realized gain on sale of investments	143,055	274,691	-	417,746
Net change in the fair value of investments	(54,559)	(31,142)	-	(85,701)
Donated from the College District	237,776	-	-	237,776
Special events and other revenues	270,795	99,996	-	370,791
Total revenues, gains and other support before assets released from restrictions and other transfers	643,251	622,383	58,260	1,323,894
Net assets released from restrictions and other transfers	583,293	(759,636)	176,343	-
Total revenues, gains and other support	1,226,544	(137,253)	234,603	1,323,894
District support and Foundation expenses:				
Scholarships	197,445	-	-	197,445
Academic program support	162,531	-	-	162,531
Grants	45,849	-	-	45,849
Administration	451,823	-	-	451,823
Fundraising	67,844	-	-	67,844
Total District support and Foundation expenses	925,492	-	-	925,492
Change in net assets	301,052	(137,253)	234,603	398,402
Net assets, July 1, 2012	1,641,626	1,506,506	2,423,107	5,571,239
Net assets, June 30, 2013	\$ 1,942,678	\$ 1,369,253	\$ 2,657,710	\$ 5,969,641

See accompanying notes to financial statements.

SIERRA COMMUNITY COLLEGE FOUNDATION  
STATEMENTS OF CASH FLOWS  
For the Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Donations received from contributions and other revenues	\$ 1,171,920	\$ 792,414
Contributions restricted for long term investment	(86,806)	(58,260)
Payments to suppliers for goods and services	(628,983)	(471,446)
Payments to/on behalf of employees	(248,401)	(252,794)
Payments to/on behalf of students	(268,140)	(197,445)
Other receipts and payments	<u>176,193</u>	<u>131,087</u>
Net cash provided by (used in) operating activities	<u>115,783</u>	<u>(56,444)</u>
Cash flows from investing activities:		
Purchase of investments	(1,489,071)	(4,175,603)
Investment management fees	(51,917)	(36,828)
Proceeds from sales of investments	1,094,937	3,632,782
Proceeds from gain distributions	<u>-</u>	<u>17,252</u>
Net cash used in investing activities	<u>(446,051)</u>	<u>(562,397)</u>
Cash flows provided by financing activities:		
Contributions restricted for long term investments	<u>86,806</u>	<u>58,260</u>
Change in cash and cash equivalents	(243,462)	(560,581)
Cash and cash equivalents – beginning of year	<u>797,628</u>	<u>1,358,209</u>
Cash and cash equivalents – end of year	<u>\$ 554,166</u>	<u>\$ 797,628</u>
Reconciliation of change in net assets to net cash provided by (used in) operating activities:		
Change in net assets	\$ 847,894	\$ 398,402
Realized loss (gain) on sales of investments	23,620	(417,745)
Investment management fees	51,917	36,828
Unrealized (gain) loss on investments	(658,689)	85,701
Contributions restricted for long term investment	(86,806)	(58,260)
Changes in assets and liabilities:		
Receivables	(67,456)	(105,176)
Accounts payable and accrued expenses	<u>5,303</u>	<u>3,806</u>
Net cash provided by (used in) operating activities	<u>\$ 115,783</u>	<u>\$ (56,444)</u>

See accompanying notes to financial statements.

SIERRA COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014 and 2013

---

**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:

- *Unrestricted net assets* – Net assets not subject to donor-imposed stipulations.
- *Temporarily restricted net assets* – Net assets subject to donor-imposed stipulations that will be met either by actions of the Foundation and/or the passage of time.
- *Permanently restricted net assets* – Net assets subject to donor-imposed stipulations require that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets 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.

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, 2014 and 2013 is an investment in a closely-held company in the amount of \$91,945. This investment is carried at cost because of the Foundation's inability to exercise significant influence over the company.

---

(Continued)

SIERRA COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014 and 2013

---

**NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 25 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 classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard 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 assets of donor-restricted 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 substantially 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.

**District Support:** District support is accrued when awarded by the Foundation for the benefit of the District and is unconditional. District support is provided from available income and principal in accordance with restrictions imposed by donors and is recorded as academic program support and grants expense in the statement of activities.

**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, 2014, the carrying amount of the Foundation's cash on hand and in banks and cash equivalents was \$554,165 and the bank balance was \$579,223. The bank balance amount insured by the Federal Deposit Insurance Corporation or Securities Investor Protection Corporation was \$579,223.

---

(Continued)

SIERRA COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014 and 2013

---

**NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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, 2014 and 2013, the Foundation did not incur any interest or penalties.

Income tax returns for the Foundation are filed in U.S. Federal and State of California jurisdictions. Tax 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.

**NOTE 2 – INVESTMENTS**

Investments consist of the following at June 30:

	<u>2014</u>	<u>2013</u>
Investment in Foundation for California Community Colleges		
Scholarship Endowment (FCCC/Osher)	\$ 702,533	\$ 632,883
Equity security	91,495	91,495
Mutual funds	<u>5,331,316</u>	<u>4,371,763</u>
	<u>\$ 6,125,344</u>	<u>\$ 5,096,141</u>

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. 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, 2014, the Foundation investment in the pool consisted of 6% cash and short term investments, 30% fixed income securities, and 64% equity securities.

---

(Continued)

SIERRA COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014 and 2013

**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 as of June 30, 2014, 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 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 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.

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

Description	2014			
	Fair Value	Level 1	Level 2	Level 3
Investment securities:				
Mutual funds	\$ 5,331,316	\$ 5,331,316	\$ -	\$ -
Investment in FCCC/Osher	<u>702,533</u>	<u>-</u>	<u>-</u>	<u>702,533</u>
Total investment securities	<u>\$ 6,033,849</u>	<u>\$ 5,331,316</u>	<u>\$ -</u>	<u>\$ 702,533</u>
Description	2013			
	Fair Value	Level 1	Level 2	Level 3
Investment securities:				
Mutual funds	\$ 4,371,763	\$ 4,371,763	\$ -	\$ -
Investment in FCCC/Osher	<u>632,883</u>	<u>-</u>	<u>-</u>	<u>632,883</u>
Total investment securities	<u>\$ 5,004,646</u>	<u>\$ 4,371,763</u>	<u>\$ -</u>	<u>\$ 632,883</u>

(Continued)

SIERRA COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014 and 2013

---

**NOTE 2 – INVESTMENTS** (Continued)

As of June 30, 2014, the Level 3 instruments listed in the fair value hierarchy table above use the following valuation techniques and inputs:

Valuation approach: The Foundation's investments are generally classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices or broker or dealer quotations.

*Investment in FCCC/Osher* – The fair value of the investments held by FCCC were based upon the net asset values (“NAVs”) of the assets at June 30, 2014 and 2013. The fair value of the funds held by FCCC is based upon the Foundation’s proportionate share of the FCCC/Osher pooled investment portfolio. 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.

There were no changes in the valuation techniques used during the years ended June 30, 2014 and 2013. There were no transfers of assets between the fair value levels for the years ended June 30, 2014 and 2013.

The following table presents changes in Level 3 instruments measured on a recurring basis for the years ended June 30, 2014 and 2013. Net gains/losses are recorded in the statement of activities.

California Community Colleges Scholarship Endowment Fund (CCCSE):

Balance, July 1, 2012	\$	548,195
Distributions		(32,000)
Management fees		(2,110)
Purchase of investments		51,803
Realized gain		9,183
Investment income		14,785
Change in fair value		<u>43,027</u>
Balance, June 30, 2013	<u>\$</u>	<u>632,883</u>
Balance, July 1, 2013	\$	632,883
Change in fair value		58,904
Realized gain		35,084
Investment income		12,721
Distributions		(32,000)
Management fees		(2,507)
Other		<u>(2,552)</u>
Balance, June 30, 2014	<u>\$</u>	<u>702,533</u>

The amount of total gains or losses for the period included in changes in net assets attributable to the change in unrealized gains or losses relating to assets still held as of June 30, 2014 and 2013 were \$58,904 and \$43,027, respectively.

---

(Continued)

SIERRA COMMUNITY COLLEGE FOUNDATION  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2014 and 2013

---

**NOTE 3 – ADMINISTRATIVE SERVICE FEES**

The Foundation earned revenues of \$140,422 and \$109,812 during the years ended June 30, 2014 and 2013, respectively, 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.

**NOTE 4 – NET ASSETS**

Board-designated endowment funds – The Board of the Foundation has designated endowment funds for the Technology Endowment and Sierra College Foundation Scholarship endowment. Board designated endowment funds of \$1,302,085 and \$1,167,034 are included in unrestricted net assets as of June 30, 2014 and 2013, respectively.

Temporarily restricted – A summary of temporarily restricted net assets and the related donor restrictions are as follows at June 30:

	<u>2014</u>	<u>2013</u>
Academic program	\$ 519,990	\$ 559,105
Scholarships and awards	1,094,153	709,123
Fundraising	<u>94,163</u>	<u>101,025</u>
	<u>\$ 1,708,306</u>	<u>\$ 1,369,253</u>

Permanently restricted for endowment – At June 30 2014 and 2013, the Foundation held \$2,786,541 and \$2,657,710, respectively, in endowment funds for scholarships and awards. The investment income earned on these permanently restricted net assets is generally restricted as to purpose and is held in temporarily restricted net assets 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, 2014, consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 1,166,809	\$ 345,135	\$ 2,657,710	\$ 4,169,654
Change in fair value of investments and investment income	133,315	399,908	-	533,222
Contributions	-	1,550	86,806	88,356
Other transfer	-	(42,025)	42,025	-
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(65,250)</u>	<u>-</u>	<u>(65,250)</u>
Endowment net assets, end of year	<u>\$ 1,300,124</u>	<u>\$ 639,318</u>	<u>\$ 2,786,541</u>	<u>\$ 4,725,982</u>

(Continued)

SIERRA COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014 and 2013

**NOTE 4 – NET ASSETS** (Continued)

Endowment net asset composition by type of fund for the fiscal year ended June 30, 2014, consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (1,961)	\$ 639,318	\$ 2,786,541	\$ 3,423,897
Board-designated endowment funds	<u>1,302,085</u>	<u>-</u>	<u>-</u>	<u>1,302,085</u>
Total	<u>\$ 1,300,124</u>	<u>\$ 639,318</u>	<u>\$ 2,786,541</u>	<u>\$ 4,725,982</u>

Changes in endowment net assets for the fiscal year ended June 30, 2013, consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 1,110,687	\$ 170,198	\$ 2,423,107	\$ 3,703,992
Change in fair value of investments and investment income	99,371	229,402	-	328,773
Contributions	-	3,957	58,260	62,217
Other transfer	-	(11,814)	218,367	206,553
Appropriation of endowment assets for expenditure	<u>(43,249)</u>	<u>(46,608)</u>	<u>(42,024)</u>	<u>(131,881)</u>
Endowment net assets, end of year	<u>\$ 1,166,809</u>	<u>\$ 345,135</u>	<u>\$ 2,657,710</u>	<u>\$ 4,169,654</u>

Endowment net asset composition by type of fund for the fiscal year ended June 30, 2013, consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (225)	\$ 345,135	\$ 2,657,710	\$ 3,002,620
Board-designated endowment funds	<u>1,167,034</u>	<u>-</u>	<u>-</u>	<u>1,167,034</u>
Total	<u>\$ 1,166,809</u>	<u>\$ 345,135</u>	<u>\$ 2,657,710</u>	<u>\$ 4,169,654</u>

(Continued)

SIERRA COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014 and 2013

---

**NOTE 4 – NET ASSETS** (Continued)

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. There was one individual endowment fund with such deficiency as of June 30, 2014. There was one individual endowment funds with such deficiencies as of June 30, 2013.

**NOTE 5 – DONATED FROM COLLEGE DISTRICT**

The Foundation's Statements of Activities include an amount Donated from College District totaling \$274,359 and \$237,776 for the years ended June 30, 2014 and 2013, 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.

**NOTE 6 – SUBSEQUENT EVENTS**

The Foundation evaluated all events or transactions that occurred from June 30, 2014 to January 16, 2015, the date the financial statements were available to be issued. No subsequent events occurred requiring accrual or disclosure.