

**SIERRA COLLEGE FOUNDATION**

**FINANCIAL STATEMENTS**

June 30, 2021 and 2020

SIERRA COLLEGE FOUNDATION  
Rocklin, California

FINANCIAL STATEMENTS  
June 30, 2021 and 2020

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, 2021 .....	9
STATEMENT OF ACTIVITIES – YEAR ENDED JUNE 30, 2020 .....	10
STATEMENTS OF CASH FLOWS.....	11
NOTES TO FINANCIAL STATEMENTS .....	12

SIERRA COLLEGE FOUNDATION  
EXECUTIVE DIRECTOR'S REPORT

June 30, 2021  
(Unaudited)

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

The Sierra College Foundation (SCF) 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 Sierra College students and programs, through scholarships, grants, educational projects, and capital development.

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 30<sup>th</sup>) 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 its donors, a strong financial market, and the stewardship of management, SCF's financial position continues to grow.

SIERRA COLLEGE FOUNDATION  
EXECUTIVE DIRECTOR'S REPORT

June 30, 2021  
(Unaudited)

*Total net assets* increased from \$10,740,139 to \$14,455,601. 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 \$1,208,198 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 \$2,507,264 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 \$2,197,368 in contributions during 2020-2021, including unrestricted funds of \$815,808.
- *Annual Events.* SCF sponsored annual fundraising events such as Taste of Gratitude and the Sierra College Golf Classic. Total revenues from fundraising events were \$341,458 (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 twelfth consecutive year, and with tremendous support from the community, SCF provided financial support and care-packs to emancipated youth attending Sierra College. This year over 200 care-packs were distributed to these students. The care-packs contained 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. Due to Covid protocols we offered these care-packs and additional support, i.e. food, gift cards, gas cards, etc. in a drive-through format.

SIERRA COLLEGE FOUNDATION  
EXECUTIVE DIRECTOR'S REPORT

June 30, 2021  
(Unaudited)

- **Innovation** – Sierra College has developed a culture of innovation and experimentation with a goal of improving the lives of students, families and our community. SCF raises funds to support these innovative programs. As an example, Sierra College in partnership with Building Industries Association, offered a construction boot camp where students participated in an 8-week program to learn the basics of construction. At the end of the program, they were all employed by our industry partners. Funds raised offered material for the program as well as tools to be used by the graduates at their new jobs.
- **Veterans** – Sierra College serves over 800 veterans each year. Sierra College Foundation 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.
- **Scholarships** – SCF offers 356 scholarships annually. This year SCF awarded \$275,034 in scholarships which benefited over 300 students.

Each year, working with the College Administration, SCF selects a program or project on which to concentrate its fundraising efforts.

- *Student Assistance Fund Endowment (SAFE)* – When Covid-19 changed the way in which everyone lived and operated, SCF had to pivot as well. We had committed to raise five million dollars endowment in three years to support all students who needed financial assistance to help them achieve their higher education goals. We realized that while the endowment fundraising must continue, we had to raise additional funds to support the students as soon as possible. We quickly moved our fundraising efforts to an online platform to raise funds for much needed technology equipment (Chromebooks, laptops, headphones, etc.), WIFI access, hot spots, food, etc. We offered weekly drive-throughs for our students to pick up food, gas cards, gift cards, etc. Over 2000 students benefited from this effort.

In addition to the above initiatives, SCF was able to secure funding to offer financial assistance to other groups on campus such as Rainbow Alliance, supporting LGBTQ+ students, and Puente, whose mission is to increase the number of Hispanic and Latino students who transfer to four-year colleges and universities.

Recognizing the extent of food insecurity in our community and among our students, SCF continues to raise funds to support the Food Pantry.

*Operating Expenses* include compensation for the Executive Director and Foundation staff (3 full-time employees and 1 part-time employee), as well as office operating expenses.

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SIERRA COLLEGE FOUNDATION  
EXECUTIVE DIRECTOR'S REPORT

June 30, 2021  
(Unaudited)

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 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 a stressful fundraising year for SCF. We wanted to make sure that we can offer the much-needed support to our students during these difficult times. We are proud to say that we exceeded our fundraising goals on all projects. 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.

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 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.

### 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](http://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.



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Sonbol Aliabadi  
Executive Director

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SIERRA COLLEGE FOUNDATION  
ORGANIZATION  
June 30, 2021  
(Unaudited)

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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, 2021 was comprised of the following members:

<u>Members</u>	<u>Office</u>	<u>Term Expires</u>
Robert Dugan	President	June 2023
Holly Tiche	Past President	June 2023
Kris Mapes	Chief Financial Officer	June 2023
Grace Bowen	Vice President Governance	June 2022
John Crenshaw	Vice President Strategic Planning	June 2022
Amanda Merz	VP at Large	June 2024
Bryant Milesi	Secretary	June 2022
Caitlin Ross	Member	June 2023
Dave Breninger	Member	June 2024
Debbie Reitter	Member	June 2022
Denise Vonhof Alexander	Member	June 2024
Ed Bonner	Member	June 2024
Keetha Mills	Member	June 2023
Laura Latimer	Member	June 2024
Ned Cohen	Member	June 2024
Robin Klomparens	Member	June 2024
Susan Goto	Member	June 2022
Cari Dawson-Bartley	Sierra College Board of Trustees	
Willy Duncan	District President/Superintendent	
Judy East	Designated NCC Coordinating Council	
Carol Garcia	Sierra College Board of Trustees	

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## 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, 2021 and 2020, 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.

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(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, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other 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.

A handwritten signature in black ink that reads "Crowe LLP". The signature is written in a cursive, flowing style.

Crowe LLP

Sacramento, California  
December 7, 2021

## **FINANCIAL STATEMENTS**

SIERRA COLLEGE FOUNDATION  
STATEMENTS OF FINANCIAL POSITION  
June 30, 2021 and 2020

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	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,058,207	\$ 1,023,470
Investments	13,500,225	9,815,431
Prepaid expenses	10,000	10,000
Receivables	<u>42,016</u>	<u>46,359</u>
Total assets	<u>\$ 14,610,448</u>	<u>\$ 10,895,260</u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 97,502	\$ 97,776
PPP Loan (Note 8)	<u>57,345</u>	<u>57,345</u>
Total liabilities	<u>154,847</u>	<u>155,121</u>
<b>NET ASSETS</b>		
Net assets without donor restrictions:		
Undesignated	2,788,388	1,808,081
Board designated endowment	<u>1,397,704</u>	<u>1,169,813</u>
Net assets without donor restrictions	4,186,092	2,977,894
Net assets with donor restrictions	<u>10,269,509</u>	<u>7,762,245</u>
Total net assets	<u>14,455,601</u>	<u>10,740,139</u>
Total liabilities and net assets	<u>\$ 14,610,448</u>	<u>\$ 10,895,260</u>

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See accompanying notes to financial statements.

SIERRA COLLEGE FOUNDATION  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2021

	Net Assets without Donor <u>Restrictions</u>	Net Assets with Donor <u>Restrictions</u>	<u>Total</u>
Revenues, gains and other support:			
Contributions and grants	\$ 74,164	\$ 1,305,852	\$ 1,380,016
PPP loan forgiveness	57,345	-	57,345
Investment income	53,751	99,294	153,045
Realized gain on sale of investments	18,881	54,115	72,996
Net unrealized gain on investments	985,416	1,328,344	2,313,760
Donated from the College District	277,670	-	277,670
Special events and other revenues	<u>406,630</u>	<u>75,708</u>	<u>482,338</u>
Total revenues, gains and other support before assets released from restrictions and other transfers	<u>1,873,857</u>	<u>2,863,313</u>	<u>4,737,170</u>
Net assets released from restrictions and other transfers	<u>356,049</u>	<u>(356,049)</u>	<u>-</u>
Total revenues, gains and other support	<u>2,229,906</u>	<u>2,507,264</u>	<u>4,737,170</u>
District support and Foundation expenses:			
Scholarships granted	275,034	-	275,034
Academic program support	251,858	-	251,858
Administration	254,220	-	254,220
Fundraising	<u>240,596</u>	<u>-</u>	<u>240,596</u>
Total District support and Foundation expenses	<u>1,021,708</u>	<u>-</u>	<u>1,021,708</u>
Change in net assets	<u>1,208,198</u>	<u>2,507,264</u>	<u>3,715,462</u>
Net assets, July 1, 2020	<u>2,977,894</u>	<u>7,762,245</u>	<u>10,740,139</u>
Net assets, June 30, 2021	<u>\$ 4,186,092</u>	<u>\$ 10,269,509</u>	<u>\$ 14,455,601</u>

See accompanying notes to financial statements.

SIERRA COLLEGE FOUNDATION  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2020

	Net Assets without Donor <u>Restrictions</u>	Net Assets with Donor <u>Restrictions</u>	<u>Total</u>
Revenues, gains and other support:			
Contributions and grants	\$ 49,339	\$ 1,503,482	\$ 1,552,821
Investment income	68,757	127,765	196,522
Realized (loss) gain on sale of investments	(10,338)	3,141	(7,197)
Net unrealized loss on investments	(43,667)	(32,074)	(75,741)
Donated from the College District	305,991	-	305,991
Special events and other revenues	<u>320,128</u>	<u>92,193</u>	<u>412,321</u>
Total revenues, gains and other support before assets released from restrictions and other transfers	<u>690,210</u>	<u>1,694,507</u>	<u>2,384,717</u>
Net assets released from restrictions and other transfers	<u>815,851</u>	<u>(815,851)</u>	<u>-</u>
Total revenues, gains and other support	<u>1,506,061</u>	<u>878,656</u>	<u>2,384,717</u>
District support and Foundation expenses:			
Scholarships granted	363,230	-	363,230
Academic program support	423,108	-	423,108
Administration	294,507	-	294,507
Fundraising	<u>277,653</u>	<u>-</u>	<u>277,653</u>
Total District support and Foundation expenses	<u>1,358,498</u>	<u>-</u>	<u>1,358,498</u>
Change in net assets	<u>147,563</u>	<u>878,656</u>	<u>1,026,219</u>
Net assets, July 1, 2019	<u>2,830,331</u>	<u>6,883,589</u>	<u>9,713,920</u>
Net assets, June 30, 2020	<u>\$ 2,977,894</u>	<u>\$ 7,762,245</u>	<u>\$ 10,740,139</u>

See accompanying notes to financial statements.

SIERRA COLLEGE FOUNDATION  
STATEMENTS OF CASH FLOWS  
For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities:</b>		
Donations received from contributions and other revenues	\$ 2,201,711	\$ 2,298,220
Contributions and other revenues with donor restrictions for long term investment	(908,975)	(1,000,640)
Payments to suppliers for goods and services	(281,775)	(592,512)
Payments to/on behalf of employees	(522,517)	(558,034)
Payments to/on behalf of students	(275,034)	(363,230)
Other receipts and payments	<u>235,951</u>	<u>269,887</u>
Net cash provided by operating activities	<u>449,361</u>	<u>53,691</u>
<b>Cash flows from investing activities:</b>		
Purchases of investments	(2,100,222)	(2,577,949)
Investment management fees	(82,906)	(73,365)
Proceeds from sale of investments	<u>802,184</u>	<u>2,030,449</u>
Net cash used in investing activities	<u>(1,380,944)</u>	<u>(620,865)</u>
<b>Cash flows provided by financing activities:</b>		
Contributions and other revenues restricted for long term investments	908,975	1,000,640
PPP Loan received	<u>57,345</u>	<u>57,345</u>
Net cash provided by financing activities	<u>966,320</u>	<u>1,057,985</u>
Change in cash and cash equivalents	34,737	490,811
Cash and cash equivalents, beginning of year	<u>1,023,470</u>	<u>532,659</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 1,058,207</u>	<u>\$ 1,023,470</u>
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	\$ 3,715,462	\$ 1,026,219
Realized (gain) loss on sales of investments	(72,996)	7,197
Investment management fees	82,906	73,365
Net change in the fair value of investments	(2,313,760)	75,741
Contributions with donor restrictions for long term investment	(908,975)	(1,000,640)
PPP loan forgiveness	(57,345)	-
Changes in assets and liabilities:		
Receivables	4,343	27,087
Accounts payable and accrued expenses	<u>(274)</u>	<u>(155,278)</u>
Net cash provided by operating activities	<u>\$ 449,361</u>	<u>\$ 53,691</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  
June 30, 2021 and 2020

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**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, 2021 and 2020, \$1,397,704 and \$1,169,813, 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, 2021 or 2020.

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(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, 2021 and 2020 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 46 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.

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(Continued)



SIERRA COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021 and 2020

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

District Support: District support is accrued when awarded to 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, 2021, the carrying amount of the Foundation's cash on hand in banks and cash equivalents was \$1,849,389 and the bank balance was \$1,956,936. The bank balance amount insured by the Federal Deposit Insurance Corporation or Securities Investor Protection Corporation was \$1,009,939. At June 30, 2020, the carrying amount of the Foundation's cash on hand and in banks and cash equivalents was \$1,768,073 and the bank balance was \$1,781,413. The bank balance amount insured by the Federal Deposit Insurance Corporation or Securities Investor Protection Corporation was \$1,090,577.

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, 2021 and 2020, 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, 2021 and 2020, 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.

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(Continued)

SIERRA COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021 and 2020

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

Recently Adopted Accounting Guidance: In May 2014, the FASB issued (ASU) 2014-09, Revenue from Contracts with Customers: Topic 606. This ASU affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards. This ASU will supersede the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The amendments in this ASU were implemented on a full retrospective basis in the fiscal year ending June 30, 2021. There were no material changes to the recognition or presentation of revenue as a result of the application of ASU 2014-09. As such, no cumulative effect adjustment was recorded upon adoption.

**NOTE 2 – INVESTMENTS**

Investments consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 791,182	\$ 744,603
Mutual funds	6,720,369	4,293,645
Corporate stocks	3,035,525	2,171,273
Real estate investment trusts	640,667	520,254
Bonds - corporate	1,385,284	1,291,371
U.S. Treasury notes	-	36,271
Investment in Foundation for California Community Colleges Scholarship Endowment (FCCC/Osher)	835,703	666,519
Equity security	<u>91,495</u>	<u>91,495</u>
Total investments	<u>\$ 13,500,225</u>	<u>\$ 9,815,431</u>

Included in total investments at June 30, 2021 and 2020 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, 2021, the Foundation investment in the pool consisted of 5% cash and short-term investments, 69% fixed income securities, and 26% equity securities. At June 30, 2020, the Foundation investment in the pool consisted of 3% cash and short-term investments, 31% fixed income securities, and 66% equity securities.

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(Continued)

SIERRA COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021 and 2020

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**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 and U.S. Treasury notes.

*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, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 791,182	\$ -	\$ -	\$ 791,182
Mutual funds - equities	4,239,029	-	-	4,239,029
Mutual funds - fixed income	2,481,340	-	-	2,481,340
Corporate stocks	3,035,525	-	-	3,035,525
Real estate investments trusts	640,667	-	-	640,667
Bonds - corporate	-	1,385,284	-	1,385,284
Investment in FCCC/Osher	-	-	835,703	835,703
Total investments at fair value	<u>\$ 11,187,743</u>	<u>\$ 1,385,284</u>	<u>\$ 835,703</u>	13,408,730
Investments held at cost				<u>91,495</u>
Total investments	<u>\$ 11,187,743</u>	<u>\$ 1,385,284</u>	<u>\$ 835,703</u>	<u>\$ 13,500,225</u>

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(Continued)

SIERRA COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021 and 2020

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**NOTE 2 – INVESTMENTS** (Continued)

<u>June 30, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 744,603	\$ -	\$ -	\$ 744,603
Mutual funds - equities	2,982,355	-	-	2,982,355
Mutual funds - fixed income	1,311,290	-	-	1,311,290
Corporate stocks	2,171,273	-	-	2,171,273
Real estate investments trusts	520,254	-	-	520,254
Bonds - corporate	-	1,291,371	-	1,291,371
U.S. Treasury notes	-	36,271	-	36,271
Investment in FCCC/Osher	-	-	666,519	666,519
Total investments at fair value	<u>\$ 7,729,775</u>	<u>\$ 1,327,642</u>	<u>\$ 666,519</u>	9,723,936
Investments held at cost				<u>91,495</u>
Total investments	<u>\$ 7,729,775</u>	<u>\$ 1,327,642</u>	<u>\$ 666,519</u>	<u>\$ 9,815,431</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, 2021 and 2020. There were no transfers of assets between the fair value levels for the years ended June 30, 2021 and 2020.

**NOTE 3 – ADMINISTRATIVE SERVICE FEES**

The Foundation earned revenues of \$145,000 during the years ended June 30, 2021 and 2020, included within revenue donated from the District, 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, Sierra College Foundation Scholarship endowment and Student Emergency (911) endowment. Board designated endowment funds of \$1,397,704 and \$1,169,813 are included in net assets without donor restrictions as of June 30, 2021 and 2020, respectively.

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(Continued)

SIERRA COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021 and 2020

**NOTE 4 – 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>2021</u>	<u>2020</u>
Academic program	\$ 1,145,314	\$ 956,787
Scholarships and awards	521,218	511,844
Fundraising	134,976	87,281
Endowment:		
Restricted in perpetuity	6,306,831	5,509,965
Accumulated unspent earnings for scholarships and awards	<u>2,161,170</u>	<u>696,368</u>
Total endowment	<u>8,468,001</u>	<u>6,206,333</u>
	<u>\$ 10,269,509</u>	<u>\$ 7,762,245</u>

Restricted for endowment – At June 30, 2021 and 2020, the Foundation held \$8,468,001 and \$6,206,333, 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, 2021, consisted of the following:

	Net Assets without Donor <u>Restrictions</u>	Net Assets with Donor <u>Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 1,169,813	\$ 6,206,333	\$ 7,376,146
Change in fair value of investments and investment income	240,919	1,385,193	1,626,112
Contributions	-	908,975	908,975
Other transfer	-	182,255	182,255
Appropriation of endowment assets for expenditure	<u>(13,028)</u>	<u>(214,755)</u>	<u>(227,783)</u>
Endowment net assets, end of year	<u>\$ 1,397,704</u>	<u>\$ 8,468,001</u>	<u>\$ 9,865,705</u>

Endowment net asset composition by type of fund for the fiscal year ended June 30, 2021, consisted of the following:

	Net Assets without Donor <u>Restrictions</u>	Net Assets with Donor <u>Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 8,468,001	\$ 8,468,001
Board-designated endowment funds	<u>1,397,704</u>	<u>-</u>	<u>1,397,704</u>
Total	<u>\$ 1,397,704</u>	<u>\$ 8,468,001</u>	<u>\$ 9,865,705</u>

(Continued)

SIERRA COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021 and 2020

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**NOTE 4 – NET ASSETS** (Continued)

Changes in endowment net assets for the fiscal year ended June 30, 2020, consisted of the following:

	Net Assets without Donor <u>Restrictions</u>	Net Assets with Donor <u>Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 1,177,204	\$ 5,364,423	\$ 6,541,627
Change in fair value of investments and investment income	(4,391)	24,244	19,853
Contributions	-	1,000,640	1,000,640
Other transfer	-	34,284	34,284
Appropriation of endowment assets for expenditure	<u>(3,000)</u>	<u>(217,258)</u>	<u>(220,258)</u>
Endowment net assets, end of year	<u>\$ 1,169,813</u>	<u>\$ 6,206,333</u>	<u>\$ 7,376,146</u>

Endowment net asset composition by type of fund for the fiscal year ended June 30, 2020, consisted of the following:

	Net Assets without Donor <u>Restrictions</u>	Net Assets with Donor <u>Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 6,206,333	\$ 6,206,333
Board-designated endowment funds	<u>1,169,813</u>	<u>-</u>	<u>1,169,813</u>
Total	<u>\$ 1,169,813</u>	<u>\$ 6,206,333</u>	<u>\$ 7,376,146</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. There were no individual endowment funds with such deficiencies as of June 30, 2021 and 2020.

**NOTE 5 – DONATED FROM COLLEGE DISTRICT**

The Foundation's Statements of Activities include an amount Donated from College District totaling \$277,670 and \$305,991 for the years ended June 30, 2021 and 2020, respectively. This consisted of accounting and management support, comprehensive insurance, office space, and other miscellaneous internal services as provided by the District. Also included in these amounts are the administrative service fees described in Note 3.

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.

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(Continued)

SIERRA COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021 and 2020

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**NOTE 6 – 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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial assets		
Cash and cash equivalents	\$ 1,058,207	\$ 1,023,470
Investments	13,500,225	9,815,431
Receivables	<u>42,016</u>	<u>46,359</u>
Subtotal financial assets	14,600,448	10,885,260
Less those not available for general expenditures		
Endowment assets invested	(8,468,001)	(6,206,333)
Board-designated endowments	<u>(1,397,704)</u>	<u>(1,169,813)</u>
Financial assets available to meet cash needs for general expenditures	<u>\$ 4,734,743</u>	<u>\$ 3,509,114</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.

**NOTE 7 – 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>2021</u>	Program Activities		Support Activities		
		Academic Program			Total
	<u>Scholarships</u>	<u>Support</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Expense</u>
Salaries and benefits	\$ -	\$ 108,099	\$ 185,770	\$ 174,079	\$ 467,948
Services, supplies and other operating expenses	-	143,759	68,450	-	212,209
Events	-	-	-	66,517	66,517
Scholarships	<u>275,034</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>275,034</u>
	<u>\$ 275,034</u>	<u>\$ 251,858</u>	<u>\$ 254,220</u>	<u>\$ 240,596</u>	<u>\$ 1,021,708</u>

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(Continued)

SIERRA COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021 and 2020

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**NOTE 7 – EXPENSES BY BOTH NATURE AND FUNCTION (Continued)**

<u>2020</u>	Program Activities		Support Activities		
		Academic Program			Total
	<u>Scholarships</u>	<u>Support</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Expense</u>
Salaries and benefits	\$ -	\$ 111,400	\$ 220,089	\$ 175,038	\$ 506,527
Services, supplies and other operating expenses	-	311,708	74,418	-	386,126
Events	-	-	-	102,615	102,615
Scholarships	<u>363,230</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>363,230</u>
	<u>\$ 363,230</u>	<u>\$ 423,108</u>	<u>\$ 294,507</u>	<u>\$ 277,653</u>	<u>\$ 1,358,498</u>

**NOTE 8 - PAYCHECK PROTECTION PROGRAM**

As a result of the economic uncertainty stemming from the impact of the COVID-19 pandemic, on April 28, 2020, the Foundation received a Paycheck Protection Program (PPP) loan in the principal amount of \$57,345 from the United States Small Business Administration (SBA). The PPP loan had a stated interest rate of 1% per annum and required equal monthly payments of principal commencing November 28, 2020 through the contractual maturity date of April 28, 2022.

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 Foundation has received approval from the SBA for unconditional full forgiveness on the above loan on June 9, 2021. At June 30, 2021, the Foundation has satisfied the forgiveness conditions and, therefore, the loan proceeds have been recorded as a grant revenue on the statement of activities.

On February 25, 2021, the Foundation applied for and obtained a second PPP loan in the amount of \$57,345 from the SBA. As with the first loan, the Foundation is accounting for the PPP loan as a conditional contribution under ASC 958-605. As the period of aid was ongoing as of June 30, 2021, the conditions for forgiveness had not yet been met. The entire balance was reported as a grant advance liability as of June 30, 2021. The Foundation subsequently received full forgiveness of the loan on October 21, 2021.

**NOTE 9 – SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events through December 7, 2021, 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.