

**SIERRA COLLEGE ENTERPRISE SERVICES  
FINANCIAL STATEMENTS**

June 30, 2024

SIERRA COLLEGE ENTERPRISE SERVICES  
Rocklin, California

FINANCIAL STATEMENTS  
June 30, 2024

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Sierra College Enterprise Services  
Rocklin, California

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

We have audited the financial statements of Sierra College Enterprise Services (SCES), a component unit of Sierra Joint Community College District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of SCES, as of June 30, 2024, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

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

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SCES' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

#### ***Required Supplementary Information***

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2024, on our consideration of SCES' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the SCES internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the SCES internal control over financial reporting and compliance.



Crowe LLP

Sacramento, California  
December 11, 2024

SIERRA COLLEGE ENTERPRISE SERVICES  
STATEMENT OF NET POSITION  
June 30, 2024

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**ASSETS**

Cash and cash equivalents	\$ 15,522,467
Receivables	
Interest	<u>166,420</u>
 Total assets	 <u><u>\$ 15,688,887</u></u>

**NET POSITION**

Unrestricted	<u>\$ 15,688,886</u>
 Total net position	 <u><u>\$ 15,688,886</u></u>

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See notes to financial statements.

SIERRA COLLEGE ENTERPRISE SERVICES  
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION  
Year ended June 30, 2024

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<b>Non-operating revenues</b>	
Gain on sale of capital assets	\$ 15,501,878
Interest income	187,008
Total non-operating revenues	<u>15,688,886</u>
Change in net position	15,688,886
Net position, beginning of year	<u>-</u>
<b>Net position, end of year</b>	<u><u>\$ 15,688,886</u></u>

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See notes to financial statements.

SIERRA COLLEGE ENTERPRISE SERVICES  
STATEMENT OF CASH FLOWS  
Year ended June 30, 2024

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<b>Cash flows from capital and related financing activities</b>	
Proceeds from sale of capital assets	\$ 15,501,878
<b>Cash flows from investing activities</b>	
Investment income	<u>20,589</u>
Net change in cash and cash equivalents	15,522,467
Cash and cash equivalents, beginning of year	<u>-</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 15,522,467</u></u>

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See notes to financial statements.

SIERRA COLLEGE ENTERPRISE SERVICES  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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**NOTE 1 – GENERAL INFORMATION**

Reporting Entity: Sierra College Enterprise Services (SCES) is a governmental not-for-profit, tax-exempt auxiliary organization located in Rocklin, California. SCES is a component unit of Sierra Joint Community College District (College). SCES operates as an auxiliary organization of the College pursuant to the Operating Agreement dated April 11, 2023.

The primary purpose of SCES is to provide fiscal means and management procedures to allow the College to carry on educationally related activities not normally funded by State apportionment.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting: The SCES financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB).

For financial reporting purposes, SCES is considered a special-purpose government engaged only in business-type activities. Accordingly, SCES' financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

Net Position: SCES' net position is classified as follows:

*Unrestricted net position* – this includes resources from fees, District support, gains/losses, and other services. These resources are intended to be used for transactions relating to the general operations of SCES and may be used at the discretion of the Board of Trustees to meet current expenses for any purpose.

Classification of revenues: Operating revenue would include activities that have the characteristics of exchange transactions, such as sales and services of auxiliary enterprises. SCES had no operating revenue during the year ended June 30, 2024. Non-operating revenue includes activities that have the characteristics of non-exchange transactions including investment income and gains on sale of capital assets.

Cash and cash equivalents: Cash and cash equivalents are held with a Certificate of Depository Account Registration Service (CDARS), in which SCES has no greater than \$250,000 with any one financial institution, allowing full Federal Depository Insurance Corporation (FDIC) insurance on all balances. Cash equivalents include those investments with a maturity of three months or less. Investment income resulting from CDARS is recognized on an accrual basis.

Capital assets: During the year ended June 30, 2024, the College transferred a parcel of land to SCES. The land had \$0 historical cost value to the College. Accordingly, due to the financial interrelationship between SCES and the College, SCES recorded the land at the College's basis of \$0. A portion of the land was sold during the year ended June 30, 2024, resulting in the net cash proceeds being recognized as a gain on sale of capital assets.

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SIERRA COLLEGE ENTERPRISE SERVICES  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

Income Taxes: SCES is a nonprofit public benefit corporation exempt from federal income tax under Section 501(c)(3) of the U.S. SCES 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. SCES does not expect the total amount of unrecognized total benefits to significantly change in the next 12 months. Interest and penalties on tax assessments are classified as an expense when incurred. For the year ended June 30, 2024, SCES did not incur any interest or penalties.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors  
Sierra College Enterprise Services  
Rocklin, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Sierra College Enterprise Services (SCES), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise SCES' basic financial statements and have issued our report thereon dated December 11, 2024.

***Report on Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered SCES' internal control over financial reporting of the Measure I Fund (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the SCES' internal control. Accordingly, we do not express an opinion on the effectiveness of the SCES' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the financial statements of the Measure I Fund of the City are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the SCES' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Crowe LLP

Los Angeles, California  
December 11, 2024