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FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)

FINANCIAL STATEMENTS

June 30, 2023 and 2022

FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Feather River Community College Foundation, Inc.
Quincy, California

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Feather River Community College Foundation as June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

CWDL, Certified Public Accountants

San Diego, California
December 6, 2023

FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,104,552	\$ 908,933
Investments, current	560,019	1,598,755
Accounts receivable	15,000	15,000
Operating lease receivable, current	308,004	0
Total current assets	<u>1,987,575</u>	<u>2,522,688</u>
Noncurrent assets:		
Investment, noncurrent	53,527	51,622
Operating lease receivable	778,017	-
Non-depreciable capital assets	455,056	455,056
Depreciable capital assets, net	2,269,032	2,437,929
Horses and livestock, net of accumulated depreciation	184,248	89,831
Deposits	1,900	1,900
Total noncurrent assets	<u>3,741,780</u>	<u>3,036,338</u>
Total assets	<u>\$ 5,729,355</u>	<u>\$ 5,559,026</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,115	\$ 281,948
Tenant deposits payable	-	25,939
Current portion of long-term debt	-	595,369
Total current liabilities	<u>1,115</u>	<u>903,256</u>
Noncurrent liabilities:		
Deferred rent	1,086,021	-
Long-term debt, less current portion	-	191,653
Total noncurrent liabilities	<u>1,086,021</u>	<u>191,653</u>
Total liabilities	<u>1,087,136</u>	<u>1,094,909</u>
NET ASSETS		
Net assets without donor restrictions	3,251,613	3,271,212
Net assets with donor restrictions	1,390,606	1,192,905
Total net assets	<u>4,642,219</u>	<u>4,464,117</u>
Total liabilities and net assets	<u>\$ 5,729,355</u>	<u>\$ 5,559,026</u>

FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ -	\$ 289,128	\$ 289,128
Registration fees	150	-	150
Contributions by Feather River College	284,000	-	284,000
Rental income	881	-	881
Investment income	584	28,547	29,131
Other operating income	11,671	11,020	22,691
Gain on sale of horses/livestock	-	263,415	263,415
Fish sales, net	-	3,673	3,673
Fundraising income, net	-	144,415	144,415
net assets released for restrictions	542,497	(542,497)	-
Total Support and Revenue	839,783	197,701	1,037,484
EXPENSES			
Program			
Fitness center operations	13,472	-	13,472
College housing operations	277,851	-	277,851
Scholarships granted	54,894	-	54,894
Support services			
General and administrative	513,165	-	513,165
Total Expenses	859,382	-	859,382
Change in Net Assets	(19,599)	197,701	178,102
Net Assets - Beginning of Year	3,271,212	1,192,905	4,464,117
Net Assets - End of Year	\$ 3,251,613	\$ 1,390,606	\$ 4,642,219

FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ -	\$ 138,262	\$ 138,262
Registration fees	17,928	-	17,928
Contributions by Feather River College	78,000	-	78,000
Rental income	707,636	-	707,636
Investment income	218	4,111	4,329
Other operating income	25,770	10,777	36,547
Gain on sale of horses/livestock	-	343,776	343,776
Fish sales, net	-	3,913	3,913
Fundraising income, net	-	64,775	64,775
net assets released for restrictions	390,085	(390,085)	-
Total Support and Revenue	1,219,637	175,529	1,395,166
EXPENSES			
Program			
Fitness center operations	13,652	-	13,652
College housing operations	701,424	-	701,424
Scholarships granted	39,600	-	39,600
Support services			
General and administrative	423,589	-	423,589
Total Expenses	1,178,265	-	1,178,265
Change in Net Assets	41,372	175,529	216,901
Net Assets - Beginning of Year	3,229,840	1,017,376	4,247,216
Net Assets - End of Year	\$ 3,271,212	\$ 1,192,905	\$ 4,464,117

FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023 AND 2022

Year Ended June 30,	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 178,102	\$ 216,901
Reconciliation to net cash provided (used) by operating activities:		
Depreciation	693,689	211,124
Gain on sale of horses	(263,415)	(343,776)
Effect on changes in:		
Accounts receivable	-	822
Due from District	-	186,027
Tenant deposit payable	(25,939)	(10,514)
Accounts payable	(280,833)	124,582
Net Cash Provided (Used) by Operating Activities	<u>301,604</u>	<u>385,166</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(372,132)	(44,853)
Purchase of investments	1,036,831	(2,255,432)
Proceeds from sale of investments	377,932	1,689,688
Purchase of horses and livestock	(159,817)	(9,000)
Proceeds from sale of horses and livestock	45,300	355,335
Net Cash Provided (Used) in Investing Activities	<u>928,114</u>	<u>(264,262)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term debt	(787,022)	(254,574)
Payments on leases	(247,077)	-
Net Cash Provided (Used) by Financing Activities	<u>(1,034,099)</u>	<u>(254,574)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	195,619	(133,670)
Cash and Cash Equivalents - Beginning of Year	908,933	1,042,603
Cash and Cash Equivalents - End of Year	<u>\$ 1,104,552</u>	<u>\$ 908,933</u>

FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services				Total
	Fitness Center Operations	College Housing Operations	Fitness Scholarships Granted	Management and General	
Personnel costs	\$ -	\$ 15,012	\$ -	\$ 24,308	\$ 39,320
Interest expense	-	15,238	-	-	15,238
Utilities	-	489	-	-	489
Depreciation	13,472	132,480	-	76,347	222,299
Other operating costs	-	114,632	-	412,491	527,123
Supplies and small equipment	-	-	-	19	19
Scholarships granted	-	-	54,894	-	54,894
Total expense	\$ 13,472	\$ 277,851	\$ 54,894	\$ 513,165	\$ 859,382

FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services				Total
	Fitness Center Operations	College Housing Operations	Fitness Scholarships Granted	Management and General	
Personnel costs	\$ -	\$ 29,988	\$ -	\$ -	\$ 29,988
Interest expense	-	38,485	-	-	38,485
Utilities	-	171,987	-	-	171,987
Depreciation	13,652	131,819	-	65,653	211,124
Other operating costs	-	289,941	-	356,953	646,894
Repair and maintenance	-	36,282	-	-	36,282
Supplies and small equipment	-	2,922	-	983	3,905
Scholarships granted	-	-	39,600	-	39,600
Total expense	\$ 13,652	\$ 701,424	\$ 39,600	\$ 423,589	\$ 1,178,265

FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 – SUMMARY OF SIGNIFICANT POLICIES

Organization: Feather River Community College Foundation, Inc. (the "Foundation") is a nonprofit, tax- exempt organization. The purpose of the Foundation is to provide supportive services and specialized programs for the general benefit of the Feather River Community College District (the "District") and the District's various organizations. The accounts of the Foundation are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund. The Foundation's funds consist of the following:

General – As a service to college affiliated organizations and projects, the Foundation performs fund-raising activities, provides scholarships, and supports certain campus organizations.

Feather River Fitness and Recreation – As a service to students and the community, the Fitness and Recreation Center provides exercise facilities on a fee basis.

Feather River College Residence Halls – As a service to students, the Feather River College Residence Halls provide housing for students.

Basis of Accounting: The financial statements have been prepared on the accrual basis of accounting which recognizes revenue and support when earned and expenses when incurred.

Basis of Presentation: The Foundation's net assets are classified as follows:

Net assets without donor restrictions: Net assets not subject to donor-imposed stipulations.

Net assets with donor restrictions: Net assets subject to donor-imposed stipulations that will be met either by actions of the Foundation and/or passage of time. Net assets subject to donor-imposed stipulations that 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.

Expenditures 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 and Cash Equivalents: The Foundation considers cash in operating bank accounts, money market accounts, certificates of deposits, and all unrestricted highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents. At times, cash balances may exceed federally insured limits.

Investments: The Foundation records investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values. Unrealized gains and losses are reported in the statement of activities.

FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 – SUMMARY OF SIGNIFICANT POLICIES, continued

Receivables: Accounts receivable are amounts due from students for housing in the residence halls. An allowance for doubtful accounts is established for accounts that management believes are uncollectible. At June 30, 2023 and 2022, no allowance for doubtful accounts was deemed necessary.

Lease Receivable: The District's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the District may receive variable lease payments that are dependent upon the lessee's revenue. Any variable payments are recorded as an inflow of resources in the period the payment is received. Leases can be classified as either an operating and finance lease.

A deferred rent is recorded for the lease. The deferred rent is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The amount is amortized on a straight-line basis over the term of the lease.

Property and Equipment: Purchases are recorded at cost; donated items of property and equipment used in operations are recorded at their estimated fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. The Foundation's policy is to capitalize property and equipment greater than \$500.

Horses and Livestock: Horses and livestock are recorded at their estimated fair value. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of horses and livestock are recorded as unrestricted support.

Depreciation and Amortization: Fixed assets are depreciated using the straight-line method over 5 – 39 years, depending on asset types. Horses and livestock are depreciated using the straight-line method over 10 years. Debt issuance costs were amortized over the same time period as the related debt repayment term of 19 years. As of June 30, 2022, there is no remaining balance of debt issuance costs.

Revenue and Support: Contributions received are recorded as with or without donor restriction depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets with donor restriction, depending on the nature of the restriction.

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 one individual fund established for the purpose of supporting education at the District. The endowment includes donor- restricted endowment funds. Net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 – SUMMARY OF SIGNIFICANT POLICIES, continued

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 Foundation follows the Foundation's adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment 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).

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 and equity instruments with the objective of maintaining a balanced portfolio in accordance with the Foundation's investment policy.

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 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. Actual results could differ from those estimates.

Impairment of Long-Lived Assets: The Foundation evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Upon such an occurrence, recoverability of assets to be held and used is measured by comparing the carrying amount of an asset to forecasted undiscounted future net cash flows expected to be generated by the asset. If the carrying amount exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Once an impairment charge is recorded, the carrying amount cannot be increased. There was no impairment recorded for the years ended June 30, 2023 and 2022.

Contributions: Contributions are recognized as revenues in the period received. Unconditional promises to give (pledges) are recognized as revenue when 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 of assets other than cash are recorded at their estimated fair value at the date of donation. Contributions are considered available for unrestricted use unless specifically restricted by the donor.

Contributed Services: A substantial number of individuals have made significant contributions of time to the Foundation's activities, including time and resources contributed by District employees and students to care for horses. The value of contributed time is not reflected in the financial statements because it is not susceptible to objective measurement or valuation.

FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 – SUMMARY OF SIGNIFICANT POLICIES, continued

Rental Income: The Foundation provides housing to students as a service. Rental income from the lease of the Residence Halls is recognized on a straight-line basis over the term of the lease.

Fundraising Income and Expense: Fundraising revenue, is recorded on the Statement of Activities net of fundraising expense. Fundraising expense during the years ended June 30, 2023 and 2022 totaled \$1,164 and \$0, respectively.

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. The Foundation does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months. The Foundation recognizes interest and/or penalties related to income tax matters in income tax expense. The Foundation did not have any amounts accrued for interest and penalties at June 30, 2022 or 2021.

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.

Adoption of Recent Accounting Pronouncement: In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, Leases (topic 842) requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term, and a lease liability for the payments to be made to lessor, on its statement of financial position for all operating leases greater than 12 months. The ASU is effective for the Foundation for the year ended June 30, 2023 and has adopted the guidance accordingly. The restatement of the financial statements for all prior periods presented was not practicable and the cumulative effect of applying this Statement retroactively was not calculated to warrant a restatement of beginning net position.

FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents at June 30, consisted of the following:

	2023	2022
Cash on hand and in banks	\$ 175,390	\$ 120,754
Money market account	929,162	921,849
Total cash and cash equivalents	<u>\$ 1,104,552</u>	<u>\$ 1,042,603</u>

The Foundation limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution.

Investments are stated at fair value and consist of revenue bond proceeds invested in the following mutual fund and guaranteed investment contract at June 30:

	2023	2022
US Bank mutual funds, short-term	\$ 354,276	\$ 1,550,469
Certificate of deposit	205,743	48,286
Investment in Foundation for California Community Colleges Scholarship Endowment (FCCC/Osher), long term	53,527	51,622
	<u>\$ 613,546</u>	<u>\$ 1,650,377</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. 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. The Foundation's investment in pool consisted of 5% cash and short-term investments, and 95% equity securities at June 30, 2023 and 2022.

Changes in investments with FCCC for the fiscal year ended June 30, 2023 and 2022 are presented herein:

Balance, July 1, 2021	\$ 62,118
Changing in fair value	(8,096)
Distributions	<u>(2,400)</u>
Balance, June 30, 2022	51,622
Changing in fair value	5,372
Distributions	<u>(3,467)</u>
Balance, June 30, 2023	<u>\$ 53,527</u>

FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS, continued

The following presents information about the Foundation's assets 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.

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 certificates of deposit.

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 at June 30:

Description	2023			Total
	Level 1	Level 2	Level 3	
Investment securities:				
FCCC/Osher	\$ -	\$ -	\$ 53,527	\$ 53,527
Certificate of deposit	-	205,743	-	205,743
Mutual funds	354,276	-	-	354,276
	<u>\$ 354,276</u>	<u>\$ 205,743</u>	<u>\$ 53,527</u>	<u>\$ 613,546</u>

Description	2022			Total
	Level 1	Level 2	Level 3	
Investment securities:				
FCCC/Osher	\$ -	\$ -	\$ 51,622	\$ 51,622
Certificate of deposit	-	48,286	-	48,286
Mutual funds	1,550,469	-	-	1,550,469
	<u>\$ 1,550,469</u>	<u>\$ 48,286</u>	<u>\$ 51,622</u>	<u>\$ 1,650,377</u>

FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS, continued

Valuation Approach:

Mutual Funds - The Foundation's mutual funds are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency.

Certificates of Deposit – The fair value of the Foundation’s certificates of deposits are estimated using the rates of currently offered deposits of similar maturities.

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

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

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

The Foundation had no non-recurring net assets and no liabilities at June 30, 2023 and 2022, which were required to be disclosed using the fair value hierarchy.

NOTE 3 – FIXED ASSETS

Property and equipment consist of the following at June 30:

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Capital Assets Non-depreciable				
Land	\$ 412,884	\$ -	\$ -	\$ 412,884
Construction in progress	42,172	-	-	42,172
Total Capital Assets Non-depreciable	455,056	-	-	455,056
Capital Assets Depreciable				
Buildings improvements	4,619,806	6,907	-	4,626,713
Machinery and equipment	499,592	-	-	499,592
Furniture and fixtures	295,950	-	-	295,950
Total Capital Assets Depreciable	5,415,348	6,907	-	5,422,255
Less: Accumulated Depreciation	(2,977,419)	(446,612)	-	(3,424,031)
Total Capital Assets, net	\$ 2,892,985	\$ (439,705)	\$ -	\$ 2,453,280

FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
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NOTE 4 – LEASED ASSETS

In September 2014, the Foundation entered into an agreement with the District to receive bi-annual lease payments for the use and operations of the Meadows Form Facilities. The bi-annual lease payments are \$15,000 and continues through September 2026. An implicit rate of 2% was used in the calculation of the present value of the lease liability.

In October 2015, the Foundation entered into an agreement with the District to receive annual lease payment for the use and operations of the Pines Student Housing. The annual lease payment of \$15,000 and continues through October 2025. An implicit rate of 2% was used in the calculation of the present value of the lease liability.

During fiscal year 2022-23, the Foundation entered into an agreement with the District for the use and operations of the Hillside Student Housing by the District. The term of the new agreement runs through June 30, 2027, and automatically renews each fiscal year on July 1 for a term of one year unless termination notice is given by either party twelve months in advance of the termination date. The District has exclusive responsibility of management operations of the Hillside Apartments, and the Foundation shall be the owner and operator. The District will pay the Foundation \$150,000 in annual rent, plus an additional amount of \$60,000 per year that must be held in a Capital Reserve Account at the Foundation. An implicit rate of 5% was used in the calculation of the present value of the lease liability.

During fiscal year 2022-23, the Foundation entered into an agreement with the District for the use of the Fitness Center. The term of the new agreement runs through June 30, 2027. The District will pay annual payments of \$48,000 to the Foundation. An implicit rate of 5% was used in the calculation of the present value of the lease liability.

The annual rental revenues receivable as of June 30, 2023 are as follows:

Fiscal Year	Operating Lease
2024	\$ 308,004
2025	312,996
2026	302,996
2027	253,163
Total lease payments	1,177,159
Less interest	(91,138)
Present value of lease receivable	<u>\$ 1,086,021</u>

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NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, are as follows:

	2023	2022
Donor restrictions for campus activities	\$ 1,445,500	\$ 1,153,305
Donor restrictions for scholarships	54,894	39,600
Total with donor restrictions for campus activities and scholarships	\$ 1,390,606	\$ 1,192,905

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows for the fiscal years ended June 30, 2023 and 2022 are as follows:

	2023	2022
Donor restrictions for campus programs	\$ 522,880	\$ 389,710
Donor restrictions for scholarships	19,617	375
Total net assets released from donor restrictions	\$ 542,497	\$ 390,085

NOTE 6 – RELATED PARTY TRANSACTIONS

The Foundation is economically dependent on the District and the financial statements of the Foundation may not necessarily be indicative of the conditions or results of operations which would have existed had the Foundation been operated as an unaffiliated entity.

In fiscal year 2022-23, the Foundation and District entered into a new agreement related to the Fitness Center commencing on July 1, 2022 and ending June 30, 2027, for \$48,000 in annual rents payable in monthly installments of \$4,000. The Foundation shall establish a Capital Reserve Account for maintenance and improvements commencing on July 1, 2022, and contribute \$2,000 a month (or half of each rent payment) to this account until the balance is equal to or greater than \$200,000.

The Foundation and the District entered into an agreement where the District agrees to pay any shortfalls to the Foundation if occupancy of the residency halls falls below a 90% occupancy target. There were no payments under this agreement for the years ended June 30, 2023 and 2022.

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NOTE 6 – RELATED PARTY TRANSACTIONS, continued

The Foundation and the District entered into an agreement wherein the District agrees to reimburse the Foundation a Management Fee for the operations of the Hillside Apartments (formerly known as the Feather River College Resident Halls). For the fiscal year ended June 30, 2022 and 2021, the value of that fee was \$0 and \$186,027, respectively, of which \$0 and \$186,027 were receivable at June 30, 2022 and 2021, respectively. Subsequent to June 30, 2022, the Foundation and District entered into a new agreement associated with the Hillside Apartments, commencing after all obligations, conditions, and debt of the Student housing bonds described in Note 4 have been fully satisfied and met. The term of the new agreement runs through June 30, 2027, and automatically renews each fiscal year on July 1 for a term of one year unless termination notice is given by either party twelve months in advance of the termination date. The District has exclusive responsibility of management operations of the Hillside Apartments, and the Foundation shall be the owner and operator. The District will pay the Foundation \$150,000 in annual rent, plus an additional amount of \$60,000 per year that must be held in a Capital Reserve Account at the Foundation.

The Foundation and the District entered into an agreement where the District agrees to a bi-annual lease payment for the operations of the Meadows dorm facility payable to the Foundation. For the Fiscal year ended June 30, 2022 and 2021, the value of the contributions is \$30,000 for both years.

NOTE 7 – ENDOWMENT NET ASSETS

Changes in endowment net assets for the fiscal year ended June 30, 2023 and 2022, consisted of the following:

	2023	2022
Endowment net assets, beginning of year	\$ 51,622	\$ 62,118
Investment income	5,550	1,525
Change in fair value of investments	(3,467)	(9,621)
Appropriation of endowment assets for expenditures	(178)	(2,400)
Endowment net assets, end of year.	<u>\$ 53,527</u>	<u>\$ 51,622</u>

For the fiscal years ended June 30, 2023 and 2022, all endowments were donor restricted. There were no board-restricted endowments.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor of 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, 2023 and 2022.

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NOTE 8 – 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 for the fiscal year ended June 30, 2023 and 2022:

	2023	2022
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,104,552	\$ 908,933
Accounts receivable, net	15,000	15,000
Investments	560,019	1,598,755
Total Financial assets	<u>1,679,571</u>	<u>2,522,688</u>
Less Amounts not available for general expenditure within one year:		
	<u>(1,390,606)</u>	<u>(1,192,905)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 288,965</u>	<u>\$ 1,329,783</u>

The endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

NOTE 9 – SUBSEQUENT EVENTS

The Foundation has reviewed all events occurring from June 30, 2023 through December 6, 2023, the date the financial statements were issued. Management is not aware of any subsequent events that would require recognition or disclosure in the financial statements, other than those disclosed in Note 6.