

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

FINANCIAL STATEMENTS
June 30, 2021 and 2020

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

FINANCIAL STATEMENTS
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Feather River Community College Foundation, Inc. (the Foundation"), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Feather River Community College Foundation, Inc. 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.


Crowe LLP

Sacramento, California
December 10, 2021

FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,042,603	\$ 831,431
Investments, current	1,022,515	1,158,860
Accounts receivable, net	15,822	6,122
Due from District	<u>186,027</u>	<u>-</u>
Total current assets	<u>2,266,967</u>	<u>1,996,413</u>
Investments, noncurrent	62,118	50,991
Non-depreciable capital assets	455,056	455,056
Depreciable capital assets, net	2,643,436	2,749,138
Other assets:		
Deposits	1,900	1,900
Horses and livestock, net of accumulated depreciation of \$289,907 and \$243,811 for 2021 and 2020, respectively	<u>53,154</u>	<u>92,750</u>
Total assets	<u>\$ 5,482,631</u>	<u>\$ 5,346,248</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 157,366	\$ 131,014
Tenant deposits payable	36,453	20,804
Current portion of long-term debt	<u>254,087</u>	<u>273,811</u>
Total current liabilities	447,906	425,629
Long-term debt, less current portion	<u>787,509</u>	<u>1,095,596</u>
Total liabilities	<u>1,235,415</u>	<u>1,521,225</u>
NET ASSETS		
Net assets without donor restrictions	3,229,840	3,102,409
Net assets with donor restrictions	<u>1,017,376</u>	<u>722,614</u>
Total net assets	<u>4,247,216</u>	<u>3,825,023</u>
Total liabilities and net assets	<u>\$ 5,482,631</u>	<u>\$ 5,346,248</u>

See accompanying notes to financial statements.

FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
STATEMENT OF ACTIVITIES
For the 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	\$ -	\$ 101,307	\$ 101,307
Registration fees	15,565	-	15,565
Contributions by Feather River College	54,000	-	54,000
Rental income	646,870	-	646,870
Investment income	52	14,427	14,479
Other operating income	13,052	15,426	28,478
Gain on sale of horses / livestock	-	315,633	315,633
Fish sales, net	-	7,693	7,693
Fundraising income, net	-	16,128	16,128
Net assets released from restrictions	<u>175,852</u>	<u>(175,852)</u>	<u>-</u>
Total revenues, gains and other support	<u>905,391</u>	<u>294,762</u>	<u>1,200,153</u>
Expenses:			
Program services:			
Fitness center operations	13,830	-	13,830
College housing operations	541,496	-	541,496
Scholarships granted	38,950	-	38,950
Supporting services:			
Management and general	<u>183,684</u>	<u>-</u>	<u>183,684</u>
Total expenses	<u>777,960</u>	<u>-</u>	<u>777,960</u>
Change in net assets	127,431	294,762	422,193
Net assets, beginning of year	<u>3,102,409</u>	<u>722,614</u>	<u>3,825,023</u>
Net assets, end of year	<u>\$ 3,229,840</u>	<u>\$ 1,017,376</u>	<u>\$ 4,247,216</u>

See accompanying notes to financial statements.

FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

	<u>Net Assets without Donor Restrictions</u>	<u>Net Assets with Donor Restrictions</u>	<u>Total</u>
Revenues, gains and other support:			
Contributions	\$ -	\$ 75,363	\$ 75,363
Registration fees	14,448	-	14,448
Contributions by Feather River College	78,000	-	78,000
Rental income	554,119	-	554,119
Investment income	9,831	2,706	12,537
Other operating income	58,409	34,724	93,133
Gain on sale of horses/livestock	-	127,207	127,207
Fish sales, net	-	914	914
Fundraising income, net	-	45,031	45,031
Net assets released from restrictions	<u>292,756</u>	<u>(292,756)</u>	<u>-</u>
Total revenues, gains and other support	<u>1,007,563</u>	<u>(6,811)</u>	<u>1,000,752</u>
Expenses:			
Program services:			
Fitness center operations	13,890	-	13,890
College housing operations	544,785	-	544,785
Scholarships granted	45,370	-	45,370
Supporting services:			
Management and general	<u>184,629</u>	<u>-</u>	<u>184,629</u>
Total expenses	<u>788,674</u>	<u>-</u>	<u>788,674</u>
Change in net assets	218,889	(6,811)	212,078
Net assets, beginning of year	<u>2,883,520</u>	<u>729,425</u>	<u>3,612,945</u>
Net assets, end of year	<u>\$ 3,102,409</u>	<u>\$ 722,614</u>	<u>\$ 3,825,023</u>

See accompanying notes to financial statements.

FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Increase in net assets	\$ 422,193	\$ 212,078
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation	200,515	214,550
Gain on sale of horses	(315,633)	(127,207)
Changes in operating assets and liabilities		
(Increase) decrease in accounts receivable	(9,700)	15,000
Increase in Due from District	(186,027)	-
Increase in tenant deposit payable	15,649	4,304
Increase (decrease) in accounts payable	<u>26,352</u>	<u>(49,043)</u>
Net cash provided by operating activities	<u>153,349</u>	<u>269,682</u>
Cash flows from investing activities:		
Purchase of fixed assets	(37,932)	(151,807)
Purchases of investments	(1,132,378)	(24,821)
Proceeds from sale of investments	1,257,596	68,192
Purchase of horses and livestock	(28,000)	(34,800)
Proceeds from sale of horses and livestock	<u>326,348</u>	<u>136,308</u>
Net provided by (used in) investing activities	<u>385,634</u>	<u>(6,928)</u>
Cash flows from financing activities:		
Payments on long-term debt	<u>(327,811)</u>	<u>(263,540)</u>
Net cash used in financing activities	<u>(327,811)</u>	<u>(263,540)</u>
Net change in cash and cash equivalents	211,172	(786)
Cash and cash equivalents, beginning of year	<u>831,431</u>	<u>832,217</u>
Cash and cash equivalents, end of year	<u>\$ 1,042,603</u>	<u>\$ 831,431</u>
Supplemental disclosure of cash flow information:		
Interest paid	\$ 51,703	\$ 63,899

See accompanying notes to financial statements.

FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2021

	Program Services				<u>Totals</u>
	<u>Fitness Center Operations</u>	<u>College Housing Operations</u>	<u>Scholarships Granted</u>	<u>Management and General</u>	
Personnel costs	\$ -	\$ 11,653	\$ -	\$ -	\$ 11,653
Interest expense	-	51,703	-	-	51,703
Utilities	-	142,267	-	-	142,267
Depreciation	13,830	129,804	-	56,881	200,515
Other operating costs	-	157,731	-	126,221	283,952
Repair and maintenance	-	48,143	-	-	48,143
Supplies and small equipment	-	195	-	582	777
Security	-	-	-	-	-
Scholarships granted	-	-	38,950	-	38,950
	\$ 13,830	\$ 541,496	\$ 38,950	\$ 183,684	\$ 777,960
Total expenses	\$ 13,830	\$ 541,496	\$ 38,950	\$ 183,684	\$ 777,960

See accompanying notes to financial statements.

FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2020

	Program Services				<u>Totals</u>
	<u>Fitness Center Operations</u>	<u>College Housing Operations</u>	<u>Scholarships Granted</u>	<u>Management and General</u>	
Personnel costs	\$ -	\$ 27,670	\$ -	\$ -	\$ 27,670
Interest expense	-	63,899	-	-	63,899
Utilities	-	133,626	-	-	133,626
Depreciation	13,890	146,587	-	54,073	214,550
Other operating costs	-	134,588	-	129,436	264,024
Repair and maintenance	-	34,773	-	-	34,773
Supplies and small equipment	-	1,046	-	1,120	2,166
Security	-	2,596	-	-	2,596
Scholarships granted	-	-	45,370	-	45,370
	-	-	45,370	-	45,370
Total expenses	\$ 13,890	\$ 544,785	\$ 45,370	\$ 184,629	\$ 788,674

See accompanying notes to financial statements.

FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

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.

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, 2021 and 2020, no allowance for doubtful accounts was deemed necessary.

(Continued)

FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 1 – SUMMARY OF SIGNIFICANT POLICIES (Continued)

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, 2021, 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.

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.

(Continued)

FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 1 – SUMMARY OF SIGNIFICANT POLICIES (Continued)

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, 2021 and 2020.

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.

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, 2021 and 2020 totaled \$0 and \$12,624, 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, 2021 or 2020.

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.

(Continued)

FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 1 – SUMMARY OF SIGNIFICANT 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 – CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

	<u>2021</u>	<u>2020</u>
Cash on hand and in banks	\$ 120,754	\$ 213,895
Money market account	921,849	617,536
	<u>1,042,603</u>	<u>831,431</u>
Total cash and cash equivalents	<u>\$ 1,042,603</u>	<u>\$ 831,431</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:

	<u>2021</u>	<u>2020</u>
US Bank Mutual Funds, short-term	\$ 974,589	\$ 1,110,636
Certificate of Deposit	47,926	48,224
Investment in Foundation for California Community Colleges Scholarship Endowment (FCCC/Osher), long-term	62,118	50,991
	<u>1,084,633</u>	<u>1,209,851</u>
Total investments	<u>\$ 1,084,633</u>	<u>\$ 1,209,851</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, 2021 and 2020.

(Continued)

FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Changes in investments with FCCC for the fiscal year ended June 30, 2021 and 2020 are presented herein:

Balance, July 1, 2019	\$	52,955
Change in fair value		436
Distributions		<u>(2,400)</u>
Balance, June 30, 2020		50,991
Change in fair value		13,527
Distributions		<u>(2,400)</u>
Balance, June 30, 2021	\$	<u><u>62,118</u></u>

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 and certificates of deposit.

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

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

The Foundation is required or permitted to record the following assets at fair value on a recurring basis at June 30:

<u>Description</u>	2021			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investment securities:				
FCCC/Osher	\$ -	\$ -	\$ 62,118	\$ 62,118
Certificate of Deposit	47,926	-	-	47,926
Mutual Funds	<u>974,589</u>	<u>-</u>	<u>-</u>	<u>974,589</u>
	<u><u>\$ 1,022,515</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 62,118</u></u>	<u><u>\$ 1,084,633</u></u>

(Continued)

FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

<u>Description</u>	2020			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investment securities:				
FCCC/Osher	\$ -	\$ -	\$ 50,991	\$ 50,991
Certificate of Deposit	48,224	-	-	48,224
Mutual Funds	1,110,636	-	-	1,110,636
	<u>\$ 1,158,860</u>	<u>\$ -</u>	<u>\$ 50,991</u>	<u>\$ 1,209,851</u>

Valuation Approach:

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.

The Foundation had no non-recurring net assets and no liabilities at June 30, 2021 and 2020, 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:

	<u>2021</u>	<u>2020</u>
Non-depreciable:		
Land	\$ 412,884	\$ 412,884
Construction in process	42,172	42,172
Depreciable:		
Buildings and improvements	4,616,315	4,608,808
Machinery and equipment	459,843	430,628
Furniture and fixtures	294,336	293,126
	<u>5,825,550</u>	<u>5,787,618</u>
Less accumulated depreciation	<u>(2,727,058)</u>	<u>(2,583,424)</u>
Property and equipment, net	<u>\$ 3,098,492</u>	<u>\$ 3,204,194</u>

(Continued)

FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
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 NOTES TO FINANCIAL STATEMENTS
 June 30, 2021 and 2020

NOTE 4 – LONG-TERM LIABILITIES

Student Housing Bonds: As of June 30, total bonds payable issued through the direct placement with The Depository Trust Company through the California Community College Financing Authority (“CCCFA”) are as follows:

	<u>Interest Rates</u>	<u>Maturity</u>	<u>2021</u>	<u>2020</u>
CCCFA Series 2003	3.56% to 5.30%	5/1/2003 to 7/1/2022	\$ 815,000	\$ 1,045,000
Total bonds payable			<u>\$ 815,000</u>	<u>\$ 1,045,000</u>

On May 1, 2003, CCCFA issued Student Housing Revenue Bonds in the amount of \$3,415,000, comprised of \$3,250,000 Series A Tax-exempt bonds and \$165,000 Series B Taxable bonds, to fund a loan to the Foundation to acquire and improve a 110-bed student housing facility located on property adjacent to the main campus of Feather River Community College District, and to fund a debt service fund for the bonds and pay a portion of the costs of issuing the bonds. Future principal payments at June 30, 2021 are scheduled as follows:

Year Ending <u>June 30,</u>	
2022	\$ 240,000
2023	<u>575,000</u>
	<u>\$ 815,000</u>

Residence Hall Loan: In 2010 the Foundation entered into a loan agreement up to the amount of \$300,000 with the Feather River Community College District for the purpose of financing the repairs for the Feather River College Residency Halls. The note accrues interest by formula tied to the Plumas County Pooled Money Investment Account combined rate of return on county funds with interest only payments for the first five years, due August 1. As of June 30, 2020, the nominal interest rate was at 2%. Principal and interest payments will be made for the remaining 14 years, with the final installment due August 1, 2030. Future principal payments at June 30, 2021 are scheduled as follows:

Year Ending <u>June 30,</u>	
2022	\$ 14,087
2023	14,369
2024	14,656
2025	14,949
2026	15,248
2027-2031	<u>80,941</u>
	<u>\$ 154,250</u>

(Continued)

FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
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June 30, 2021 and 2020

NOTE 4 – LONG-TERM LIABILITIES (Continued)

Meadows Apartment Loan: The Foundation entered into a loan agreement up to the amount of \$365,000 with the Feather River Community College District for the purpose of purchasing the Meadows Apartment Complex, dated September 11, 2014. The note is non-interest bearing, with imputed interest of 3%. Principal payments will be made twice annually for no more than 15 years, with the final installment due before June 30, 2027.

Year Ending June 30,	
2022	\$ -
2023	6,000
2024	30,000
2025	30,000
2026	30,000
2027	<u>6,346</u>
Less amounts representing interest	<u>(30,000)</u>
	<u>\$ 72,346</u>

Changes in Long-Term Liabilities: A schedule of changes in long-term liabilities for the year ended June 30, 2021 is as follows:

	Balance July 1, <u>2020</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2021</u>	Amounts Due Within <u>One Year</u>
Student housing bonds	\$ 1,045,000	\$ -	\$ 230,000	\$ 815,000	\$ 240,000
Residence hall loan	168,061	-	13,811	154,250	14,087
Meadows apartment loan, net	<u>156,346</u>	-	<u>84,000</u>	<u>72,346</u>	<u>-</u>
	<u>\$ 1,369,407</u>	<u>\$ -</u>	<u>\$ 327,811</u>	<u>\$ 1,041,596</u>	<u>\$ 254,087</u>

A schedule of changes in long-term liabilities for the year ended June 30, 2020 is as follows:

	Balance July 1, <u>2019</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2020</u>	Amounts Due Within <u>One Year</u>
Student housing bonds	\$ 1,265,000	\$ -	\$ 220,000	\$ 1,045,000	\$ 230,000
Residence hall loan	181,601	-	13,540	168,061	13,811
Meadows apartment loan, net	<u>186,346</u>	-	<u>30,000</u>	<u>156,346</u>	<u>30,000</u>
	<u>\$ 1,632,947</u>	<u>\$ -</u>	<u>\$ 263,540</u>	<u>\$ 1,369,407</u>	<u>\$ 273,811</u>

The Foundation is subject to certain financial covenants in accordance with its long-term liability agreements. At June 30, 2021, the Foundation reported compliance with these financial covenants.

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FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
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NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2021</u>	<u>2020</u>
Donor restrictions for campus activities	\$ 978,426	\$ 617,669
Donor restrictions for scholarships	<u>38,950</u>	<u>104,945</u>
Total with donor restrictions for campus activities and scholarships	<u>\$ 1,017,376</u>	<u>\$ 722,614</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows for the fiscal years ended June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Donor restrictions for campus programs	\$ 169,852	\$ 247,386
Donor restrictions for scholarships	<u>6,000</u>	<u>45,370</u>
Total net assets released from donor restrictions	<u>\$ 175,852</u>	<u>\$ 292,756</u>

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.

The Foundation and the District have entered into an agreement regarding the Feather River Fitness and Recreation Center whereby the District shall reimburse the Foundation for the cost of insurance and to repay the debt created by its purchase. For the fiscal year ended June 30, 2021 and 2020, the value of the contributions totaled \$24,000 and \$48,000, respectively.

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, 2021 and 2020.

The Foundation and the District entered into an agreement wherein the Foundation agrees to pay the district a Management Fee for the operations of the Feather River Resident Halls for the Net Income that is the excess of the 120% debt service covenant required by the bondholders. For the fiscal year ended June 30, 2021 and 2020, the value of that fee was \$137,139 and \$107,478, respectively.

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 Feather River Resident Halls. For the fiscal year ended June 30, 2021 and 2020, the value of that fee was \$186,027 and \$0, respectively, of which \$186,027 and \$0 were receivable at June 30, 2021 and 2020, respectively.

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, 2021 and 2020, the value of the contributions is \$30,000 for both years.

(Continued)

FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
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NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 6 – RELATED PARTY TRANSACTIONS (Continued)

The Foundation and the District entered into an agreement where the Foundation agrees to reimburse the District for the funds made available for the purchase of the Meadows dorm facility. The term of this agreement is 15 years. For the Fiscal Year ended June 30, 2021 and 2020, the value of the contribution is \$30,000 for both years.

NOTE 7 – ENDOWMENT NET ASSETS

Changes in endowment net assets for the fiscal year ended June 30, 2021 and 2020, consisted of the following:

	<u>2021</u>	<u>2020</u>
Endowment net assets, beginning of year	\$ 50,991	\$ 52,955
Investment income	897	1,029
Change in fair value of investments	12,630	(593)
Appropriation of endowment assets for expenditure	<u>(2,400)</u>	<u>(2,400)</u>
Endowment net assets, end of year	<u>\$ 62,118</u>	<u>\$ 50,991</u>

For the fiscal years ended June 30, 2021 and 2020, 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, 2021 and 2020.

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FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
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June 30, 2021 and 2020

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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,042,603	\$ 831,431
Accounts receivable, net	15,822	6,122
Due from District	186,027	-
Investments	<u>1,022,515</u>	<u>1,158,860</u>
Total financial assets	2,266,967	1,996,413
Less amounts not available for general expenditure within one year:		
Net assets with donor restrictions	<u>(1,017,376)</u>	<u>(722,614)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 1,249,591</u>	<u>\$ 1,273,799</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, 2021 through December 10, 2021, 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.