

DRAFT V.1 10-20-22

YUBA COMMUNITY COLLEGE
DISTRICT FOUNDATION

FINANCIAL STATEMENTS

Fiscal Years Ended June 30, 2022 and 2021

YUBA COMMUNITY COLLEGE DISTRICT FOUNDATION
TABLE OF CONTENTS
JUNE 30, 2022 AND 2021

FINANCIAL SECTION

Independent Auditors' Report 1

Financial Statements

 Statements of Financial Position 3

 Statement of Activities..... 4

 Statements of Cash Flows 6

 Statements of Functional Expenses..... 7

 Notes to Financial Statements..... 8

DRAFT V.1 10-20-22

Financial Section

DRAFT v.1 10-20-22

INDEPENDENT AUDITORS' REPORT

Board of Directors
Yuba Community College District Foundation
Yuba City, California

Report on Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of Yuba Community College District Foundation (the "Foundation"), as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Yuba Community College District Foundation as of June 30, 2022 and 2021, and the changes to its net assets and its cash flows 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. 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 Yuba Community College District 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 opinions.

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 beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 opinions. 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 generally accepted 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 generally accepted auditing standards:

- 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.

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.

San Diego, California

October 3, 2022

**YUBA COMMUNITY COLLEGE DISTRICT FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021**

| June 30, | 2022 | 2021 |
|---|---------------------|----------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 349,837 | \$ 149,431 |
| Accounts receivable | 11,051 | 5,391 |
| Short-term investments | 1,376,540 | 1,606,540 |
| Total Current Assets | 1,737,428 | 1,761,362 |
| Investments | 7,747,602 | 8,753,742 |
| Assets held by third party | 449,577 | 542,457 |
| Total Non-Current Assets | 8,197,179 | 9,296,199 |
| Total Assets | \$ 9,934,607 | \$ 11,057,561 |
| LIABILITIES | | |
| Accounts payable | \$ 258,449 | \$ 46,226 |
| Amounts held in trust for others | 784,650 | 654,568 |
| Total Liabilities | 1,043,099 | 700,794 |
| NET ASSETS | | |
| Net assets without donor restrictions | 228,362 | 91,005 |
| Net assets with donor restrictions | 8,663,146 | 10,265,762 |
| Total Net Assets | 8,891,508 | 10,356,767 |
| Total Liabilities and Net Assets | \$ 9,934,607 | \$ 11,057,561 |

YUBA COMMUNITY COLLEGE DISTRICT FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

| Year Ended June 30, 2022 | Net Assets Without Donor Restrictions | Net Assets With Donor Restrictions | Total |
|---------------------------------------|--|---|------------------|
| SUPPORT AND REVENUE | | | |
| Contributions for scholarships | \$ 36,450 | \$ 366,842 | \$ 403,292 |
| Net investment return | 367,995 | (1,622,190) | (1,254,195) |
| In-kind donations | 32,850 | - | 32,850 |
| Other income | 8,777 | 35,003 | 43,780 |
| Net assets released from restrictions | 382,271 | (382,271) | - |
| Total Support and Revenue | 828,343 | (1,602,616) | (774,273) |
| EXPENSES | | | |
| Program expenses: | | | |
| Grants and Scholarships | 160,025 | - | 160,025 |
| Professional Services | 12,583 | - | 12,583 |
| Supplies | 94,588 | - | 94,588 |
| Advertising & Printing | 5,573 | - | 5,573 |
| Travel | 6,591 | - | 6,591 |
| In-kind | 36,450 | - | 36,450 |
| Dues and Memberships | 1,880 | - | 1,880 |
| Entry Fees | 2,525 | - | 2,525 |
| Rental | 271 | - | 271 |
| Awards, Banquets, Meeting | 9,224 | - | 9,224 |
| Miscellaneous | 52,562 | - | 52,562 |
| Total program expenditures | 382,271 | - | 279,360 |
| Administrative expenses | 293,071 | - | 293,071 |
| Total Expenses | 675,342 | - | 675,342 |
| Change in Net Assets | 153,001 | (1,602,616) | (1,449,615) |
| Net Assets - Beginning of Year | 75,361 | 10,265,762 | 10,341,123 |
| Net Assets - End of Year | \$ 228,362 | \$ 8,663,146 | \$ 8,891,508 |

**YUBA COMMUNITY COLLEGE DISTRICT FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

| Year Ended June 30, 2021 | Net Assets Without Donor Restrictions | Net Assets With Donor Restrictions | Total |
|---------------------------------------|--|---|------------------|
| SUPPORT AND REVENUE | | | |
| Contributions for scholarships | \$ - | \$ 334,308 | \$ 334,308 |
| Net investment return | 198,238 | 1,213,476 | 1,411,714 |
| Other income | 3,265 | 3,835 | 7,100 |
| Net assets released from restrictions | 314,971 | (314,971) | - |
| Total Support and Revenue | 516,474 | 1,236,648 | 1,753,122 |
| EXPENSES | | | |
| Program expenses: | | | |
| Grants and Scholarships | 150,661 | - | 150,661 |
| Professional Services | 38,979 | - | 38,979 |
| Supplies | 48,082 | - | 48,082 |
| In-kind | 15,644 | - | 15,644 |
| Dues and Memberships | 890 | - | 890 |
| Awards, Banquets, Meeting | 14,199 | - | 14,199 |
| Miscellaneous | 62,160 | - | 62,160 |
| Total program expenditures | 330,615 | - | 330,615 |
| Administrative expenses | 28,908 | - | 28,908 |
| Total Expenses | 359,523 | - | 359,523 |
| Change in Net Assets | 156,951 | 1,236,648 | 1,393,599 |
| Net Assets - Beginning of Year | (81,590) | 9,029,114 | 8,947,524 |
| Net Assets - End of Year | \$ 75,361 | \$ 10,265,762 | \$ 10,341,123 |

**YUBA COMMUNITY COLLEGE DISTRICT FOUNDATION
STATEMENTS OF CASH FLOWS
JUNE 30, 2022 AND 2021**

| June, 30 | 2022 | 2021 |
|---|--------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ (1,449,615) | \$ 1,393,599 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Changes in: | | |
| Accounts receivable | (5,660) | (3,460) |
| Assets held by third party | 92,880 | (95,135) |
| Accounts payable | 212,223 | (170,421) |
| Amounts held in trust for others | 130,082 | (353) |
| Net Cash Provided by Operating Activities | <u>(1,020,090)</u> | <u>1,124,230</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Net investment activity | <u>1,236,140</u> | <u>(1,159,023)</u> |
| Net Cash Used by Investing Activities | <u>1,236,140</u> | <u>(1,159,023)</u> |
| Net increase (decrease) in cash and cash equivalents | 216,050 | (34,793) |
| Cash and Cash Equivalents - Beginning of Year | 133,787 | 168,580 |
| Cash and Cash Equivalents - End of Year | <u>\$ 349,837</u> | <u>\$ 133,787</u> |

**YUBA COMMUNITY COLLEGE DISTRICT FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES
JUNE 30, 2022 AND 2021**

| Year Ended June 30, 2022 | Program | Administrative | Total |
|---------------------------------|-------------------|-----------------------|-------------------|
| Grants and Scholarships | \$ 160,025 | \$ - | \$ 160,025 |
| Professional Services | 12,583 | 47,784 | 60,367 |
| Supplies | 94,588 | 8,539 | 103,127 |
| Advertising & Printing | 5,573 | 800 | 6,373 |
| Travel | 6,591 | - | 6,591 |
| Salaries and Benefits | - | 229,034 | 229,034 |
| Insurance | - | 179 | 179 |
| In-kind | 36,450 | - | 36,450 |
| Dues and Memberships | 1,880 | 4,550 | 6,430 |
| Entry Fees | 2,525 | - | 2,525 |
| Rental | 271 | - | 271 |
| Awards, Banquets, Meeting | 9,224 | - | 9,224 |
| Miscellaneous | 52,562 | 2,184 | 54,746 |
| Total | \$ 382,271 | \$ 293,071 | \$ 675,342 |

| Year Ended June 30, 2021 | Program | Administrative | Total |
|---------------------------------|-------------------|-----------------------|-------------------|
| Grants and Scholarships | \$ 150,661 | \$ - | \$ 150,661 |
| Professional Services | 38,979 | 10,103 | 49,082 |
| Supplies | 48,082 | 5,187 | 53,269 |
| In-kind | 15,644 | - | 15,644 |
| Dues and Memberships | 890 | 1,756 | 2,646 |
| Awards, Banquets, Meeting | 14,199 | 684 | 14,883 |
| Miscellaneous | 62,160 | 11,178 | 73,338 |
| Total | \$ 330,615 | \$ 28,908 | \$ 359,523 |

**YUBA COMMUNITY COLLEGE DISTRICT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization Yuba Community College District Foundation (the "Foundation"), formed on January 8, 1968, is a nonprofit public benefits corporation whose mission is to generate financial support for and increase community awareness of students, programs, and activities of the Yuba Community College District (the District). The Foundation is included as a component unit in the District's financial statements.

Basis of Accounting The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). (ASC) 958-205 was effective January 1, 2018.

All donor-restricted contributions are recorded as increases in net assets with donor restrictions. When a restriction expires, either by the passage of time or the purpose is satisfied, the net assets with donor restriction are reclassified to net assets without donor restrictions and reported in the statement of activities as "net assets released from restrictions."

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restriction unless their use is restricted by explicit donor stipulation or by law. Possible expirations of net assets with donor restriction are (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 on hand, demand deposits, and all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and short-term investments held in a bank money market account are reported as investments instead of cash because the Foundation holds those funds as an endowment. The Foundation maintains its cash accounts in depositories that are insured to limits specified by the Federal Deposit Insurance Corporation. It is customary for balances to temporarily exceed insurance limits.

Donations and Contributions Donations and contributions are recorded when received. All contributions are available for unrestricted use unless specifically restricted by the donor. Such donations and contributions are primarily with individuals, businesses, or organizations located in northern California. Approximately 37% and 37% of all donations at June 30, 2022 and 2021, were received from one donor, respectively.

Donated Assets Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

YUBA COMMUNITY COLLEGE DISTRICT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

Donated Services Donated services are recognized as contributions in accordance with FASB ASC Subtopic 958-605, Not-for-Profit Entities- Revenue Recognition, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation.

During the year, the Foundation received services meeting these criteria from the District in the form of management services as well as use of facilities. The value of these services is not included in the financial statements as management believes the value is not material to the financial statements as a whole. The Foundation did not receive any other services during the year that met the criteria for recognition in these financial statements.

Fair Value Measurements Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles, and expands disclosures about fair value measurement.

The Foundation classifies its fair value assets and liabilities into a hierarchy of three levels based on the markets in which they are traded, and the reliability of the assumptions used to determine fair value. The asset or liability measurement level within the hierarchy is based on the lowest level of any assumption that is significant to the measurement.

Valuations within the hierarchy levels are based upon the following:

- Level 1: Quoted market prices for identical instruments traded in active exchange markets.
- Level 2: Quoted prices for similar instruments in active markets, 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: Model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect the Foundation's estimates of assumptions that market participants would use on pricing the asset or liability. Valuation techniques include management judgment and estimation which may be significant.

**YUBA COMMUNITY COLLEGE DISTRICT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used during the years ended June 30, 2022 and 2021.

Mutual Funds: Each investor in the mutual fund will typically receive units of participation in the mutual fund. These units are valued daily, based on the underlying securities owned by the mutual fund, which are usually publicly traded debt or equity securities.

Exchange Traded Funds: These assets are valued at the net asset value reported on the active market on which the securities are traded. The valuation occurs throughout the day based on the market value of the underlying securities as well as the market supply and demand for the particular exchange traded fund.

Debt and Fixed Income Securities: Corporate and municipal bonds and other debt and fixed income securities are generally valued by a computerized pricing service or, for less actively traded issues, by utilizing a yield-based matrix system to arrive at an estimated market value.

Equity Securities: Equity securities are valued at the closing price reported on the active market on which the individual securities are traded.

Pooled Income Fund: Each income beneficiary in the pooled income fund is assigned units based on the fair market value of the assets at the time they are transferred to the trustee. Shares in the fund are valued daily based on the underlying securities owned. The fund is primarily made up of fixed income funds and equity securities.

Investments All investments are carried at their fair value as previously described. Unrealized gains and losses are included in the accompanying statements of activities. Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Net Assets The financial statements report amounts separately by class of net assets as follows:

- Net assets without donor restrictions are those resources that are currently available for operations.
- Net assets with donor restrictions are those resources which are stipulated by donors for various scholarships or other programmatic uses.

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

Endowment Investment and Spending Policies The Foundation's endowment consists of approximately 37 donor-restricted funds. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as enacted by the State of California, 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, the Foundation classifies assets with donor restrictions: (a) the original value of gifts donated to the foundations endowment, and (b) the original value of subsequent gifts to the endowment. Additionally, the Board of Directors has adopted an investment spending policy which requires that 20% of the investment earnings be retained in the net assets with donor restrictions.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

Endowment Investment Return Objectives, Risk Parameters, and Strategies: The Foundation has an investment policy for endowment assets that attempts to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long term. The Foundation's investment policy utilizes total return, including capital appreciation and dividend and interest income. Endowment assets are invested in cash and cash equivalents, and equity and debt securities, that are intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 4% while growing the funds, if possible. The Foundation expects its endowment assets, over time, to produce an average rate of return of approximately 5% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Endowment Spending Policy: The Board for the Foundation has adopted the following spending policy from endowed funds: (1) the calculation for spending in the upcoming calendar year will be based on the fund value as of the June 30 balance; and (2) unless a donor requests otherwise, a fund will participate in spending for the immediate next calendar year, even if the value of the fund is below corpus. The Foundation expects the current spending policy to allow its endowment funds to grow at a nominal average rate of 1% annually, which is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

**YUBA COMMUNITY COLLEGE DISTRICT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

Underwater Endowment Funds From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor-restricted endowment funds and continued appropriation for certain programs that was deemed prudent by the Board of Trustees. The Foundation considers its endowments to be underwater if their fair value is less than the sum of (1) the original value of initial and subsequent gift amounts donated to the endowment and (2) any accumulations to the endowment required to be held in perpetuity per donor direction. The Foundation had no underwater endowment funds at June 30, 2022 and 2021.

Assets Held by Third Party The Foundation transfers funds to the Foundation for California Community Colleges (FCCC) in accordance with a partnership agreement dated March 2009 with the California Community Colleges Scholarship Endowment (the Endowment). Under this agreement, the California Community Colleges and the FCCC had until June 2011 to raise \$50 million, for which the Osher Foundation (Osher) would provide a 50% match up to \$25 million.

These funds are recorded as net assets with donor restrictions, and the investment earnings are distributed to the Foundation for scholarship disbursements. The Foundation has no variance power over these funds.

Amounts Held in Trust for Others The Foundation administers funds for certain college-related organizations. The liability represents the amount of funds held for these organizations.

Fund-Raising Expense The Foundation incurred no fund-raising expense for the years ended June 30, 2022 and 2021.

Advertising Advertising costs are charged to administrative expense when incurred.

Related-Party Transactions the Foundation receives the use of management, accounting, personnel, and office space provided by the District. There are no salaries or other expenses recognized by the Foundation for these services. The Foundation made payments to the District for scholarships that amounted to \$160,025 and \$150,661 for years ended June 30, 2022 and 2021. The Foundation also made payments for other reimbursements to the District of \$0 and \$0 for the years ended June 30, 2022 and 2021 respectively.

Estimates In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses The costs of providing the various activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

YUBA COMMUNITY COLLEGE DISTRICT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

Income Taxes The Foundation, as a nonprofit organization, is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Foundation has been classified as an organization that is not a private foundation under Section 509(a)(3). The Foundation has not entered into any activities that would jeopardize its tax-exempt status. Accordingly, no provision for income taxes is required.

The Foundation files exempt organization returns in the U.S. federal and California jurisdictions. The federal returns for tax years 2010 and beyond, and the California returns for tax years 2009 and beyond, remain subject to examination by the taxing authorities. The Foundation adopted FASB ASC 740, *Income Taxes*, which clarifies the accounting for uncertainty in income taxes recognized in the Foundation's financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FASB ASC 740 also provides guidance on derecognition and measurement of a tax position taken or expected to be taken in a tax return.

Reclassifications Certain balances in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements. These reclassifications have not had any impact on net income.

New Accounting Pronouncements In November, FASB issued ASU 2021-09, *Leases* (ASU 2021-09). ASU 2021-09 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. ASU 2021-09 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2021. Although the full impact of ASU 2021-09 on the Foundation's financial statements has not yet been determined, the future adoption of this guidance will require the Foundation to record assets and liabilities on its statement of financial position relating to facility and other leases currently being accounted for as operating leases.

Change in Accounting Principle ASU 2020-07 *Presentation and Discussion by Not-for-Profit Entities for Contributed Nonfinancial Assets* improves generally accepted accounting principles (GAAP) by increase the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in the update address public concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFP's as well as the amount of those contributions used in a NFP's programs and other activities. The ASU should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The amendment will not change the recognition and measurement requirements for those contributed nonfinancial assets.

YUBA COMMUNITY COLLEGE DISTRICT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 – FAIR VALUE

Following is a summary of assets reported at fair value for the year ended June 30, 2022:

| Year Ended June 30, 2022 | Level 1 | Level 2 | Level 3 | Total |
|------------------------------------|----------------|----------------|----------------|--------------|
| Equity Securities: | | | | |
| Derivative financial contracts | \$ 5,371,579 | \$ - | \$ - | \$ 5,371,579 |
| Total Equity Securities | 5,371,579 | - | - | 5,371,579 |
| Debt & Fixed Inc Securities: | | | | |
| Corporate debt securities | 299,051 | - | - | 299,051 |
| Municipal bonds | 3,110,257 | - | - | 3,110,257 |
| Total Debt & Fixed Inc Securities: | 3,409,308 | - | - | 3,409,308 |
| Mutual Funds | | | | |
| Sweep | 343,255 | - | - | 343,255 |
| Total Mutual Funds | 343,255 | - | - | 343,255 |
| Amounts Included in Investments | 9,124,142 | - | - | 9,124,142 |
| Assets Held by Others | | | | |
| Pooled Income Fund | - | 449,577 | - | 449,577 |
| Total Assets at Fair Value | \$ 9,124,142 | \$ 449,577 | \$ - | \$ 9,573,719 |

Following is a summary of assets reported at fair value for the year ended June 30, 2021:

| Year Ended June 30, 2021 | Level 1 | Level 2 | Level 3 | Total |
|------------------------------------|----------------|----------------|----------------|---------------|
| Equity Securities: | | | | |
| Consumer Goods | \$ 1,319,025 | \$ - | \$ - | \$ 1,319,025 |
| Financial | 2,108,997 | - | - | 2,108,997 |
| Healthcare | 1,384,764 | - | - | 1,384,764 |
| Tech | 2,251,395 | - | - | 2,251,395 |
| Total Equity Securities | 7,694,177 | - | - | 7,694,177 |
| Debt & Fixed Inc Securities: | | | | |
| Corporate debt securities | 858,716 | - | - | 858,716 |
| US Treasury Bills | 603,281 | - | - | 603,281 |
| Total Debt & Fixed Inc Securities: | 1,461,997 | - | - | 1,461,997 |
| Mutual Funds | | | | |
| Sweep | 47,139 | - | - | 47,139 |
| Non-Sweep | 1,156,969 | - | - | 1,156,969 |
| Total Mutual Funds | 1,204,108 | - | - | 1,204,108 |
| Amounts Included in Investments | 10,360,282 | - | - | 10,360,282 |
| Assets Held by Others | | | | |
| Pooled Income Fund | - | 542,457 | - | 542,457 |
| Total Assets at Fair Value | \$ 10,360,282 | \$ 542,457 | \$ - | \$ 10,902,739 |

For the years ended June 30, 2022 and 2021, interest and dividend income is reduced by \$36,450 and \$15,644 of investment fees, respectively.

YUBA COMMUNITY COLLEGE DISTRICT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Foundation’s financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts not available include amounts set aside for program services that could be drawn upon if the Board of Directors approves that action.

| | 2022 | 2021 |
|--|---------------------|----------------------|
| Financial assets, at year-end: | | |
| Cash and cash equivalents | \$ 349,837 | \$ 149,431 |
| Accounts receivable | 11,051 | 5,391 |
| Investments and assets held by third party | 9,573,719 | 10,902,739 |
| Total financial assets, at year-end | <u>\$ 9,934,607</u> | <u>\$ 11,057,561</u> |
| Restrictions for specific purposes: | | |
| Donor designated | <u>\$ 8,663,146</u> | <u>\$ 10,265,762</u> |
| Total contractual or donor-imposed restrictions | 8,663,146 | 10,265,762 |
| Financial assets available to meet cash needs for general expenditure within one year | <u>\$ 1,271,461</u> | <u>\$ 791,799</u> |

NOTE 4 – ENDOWMENTS

All the endowments are donor restricted. Endowment net asset composition by type of fund as of June 30, 2022.

| June 30, 2022 | Net Assets With Donor Restrictions |
|---|--|
| Endowment Net Assets - | |
| Beginning of Year | \$ 6,450,252 |
| Contributions | 28,613 |
| Investment Income | 2,375 |
| Change in fair market value of investments | 751,560 |
| Amounts appropriated for expenditure | (64,600) |
| Endowment Net Assets - | |
| End of Year | <u>\$ 7,168,200</u> |

**YUBA COMMUNITY COLLEGE DISTRICT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 4 – ENDOWMENTS, continued

All the endowments are donor restricted. Endowment net asset composition by type of fund as of June 30, 2021.

| June 30, 2021 | Net Assets With Donor Restrictions |
|--------------------------------------|--|
| Endowment Net Assets - | |
| Beginning of Year | \$ 6,407,589 |
| Contributions | 1,805 |
| Investment Income | 95,326 |
| Amounts appropriated for expenditure | (54,468) |
| Endowment Net Assets - | |
| End of Year | \$ 6,450,252 |

NOTE 5 – CONTRIBUTED NONFINANCIAL ASSETS

During the fiscal years ended June 30, 2022 and 2021, the Foundation received professional services:

| Description | 2022 | 2021 | Utilization in program/activities | Donor restrictions | Valuation techniques and inputs |
|-------------|------------------|------------------|--------------------------------------|------------------------------|---|
| Vehicles | \$ 32,850 | \$ - | Automotive program | Donor restrictions | Donated items are valued and are reported at the estimated fair value in the financial statements based on current rates for similar items. |
| Equipment | \$ 3,100 | \$ - | Events and programs | Donor restrictions | Donated items are valued and are reported at the estimated fair value in the financial statements based on current rates for similar items. |
| Equipment | \$ - | \$ 11,432 | Nursing program | Nursing | Estimated wholesale prices of identical or similar produces if purchased in the region |
| Equipment | \$ 500 | \$ 4,212 | Care Center | WWC Foster & Kinship Care | Estimated wholesale prices of identical or similar produces if purchased in the region |
| Total | <u>\$ 36,450</u> | <u>\$ 15,644</u> | | | |

YUBA COMMUNITY COLLEGE DISTRICT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 6 - NET ASSETS

Changes in net assets with and without donor restrictions for the fiscal years ended June 30, 2022 and 2021 consisted of the following:

| Year Ended June 30, 2022 | Net Assets Without Donor Restrictions | Net Assets With Donor Restrictions | Total |
|---|---|--|---------------|
| Net assets, beginning of year | \$ 91,005 | \$ 10,265,762 | \$ 10,356,767 |
| Investment income | 367,995 | (1,622,190) | (1,254,195) |
| Contributions | 36,450 | 366,842 | 403,292 |
| Other Income | 8,777 | 35,003 | 43,780 |
| Appropriation of assets for expenditure | (293,071) | (382,271) | (675,342) |
| Net assets, end of year | \$ 211,156 | \$ 8,663,146 | \$ 8,874,302 |

| Year Ended June 30, 2021 | Net Assets Without Donor Restrictions | Net Assets With Donor Restrictions | Total |
|---|---|--|---------------|
| Net assets, beginning of year | \$ (81,590) | \$ 9,029,114 | \$ 8,947,524 |
| Investment income | 198,238 | 1,213,476 | 1,411,714 |
| Contributions | - | 334,308 | 334,308 |
| Other Income | 3,265 | 3,835 | 7,100 |
| Appropriation of assets for expenditure | (28,908) | (314,971) | (343,879) |
| Net assets, end of year | \$ 91,005 | \$ 10,265,762 | \$ 10,356,767 |

NOTE 7 – RISK AND UNCERTAINTIES

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets.

NOTE 8 – SUBSEQUENT EVENTS

The Foundation evaluated all events or transactions that occurred from June 30, 2022 to **December 1, 2022** the date the financial statements were available to be issued. No subsequent events occurred requiring accrual or disclosure.