

**SANTA ROSA  
JUNIOR COLLEGE FOUNDATION**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**FOR THE FISCAL YEARS ENDED  
JUNE 30, 2021 AND 2020**

# SANTA ROSA JUNIOR COLLEGE FOUNDATION

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# SANTA ROSA JUNIOR COLLEGE FOUNDATION

## ORGANIZATION JUNE 30, 2021 AND 2020

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The Santa Rosa Junior College Foundation was incorporated in 1969 under the guidance of Dr. Randolph Newman and members of the Santa Rosa Junior College Alumni Association. Tax-exempt status was granted by the State of California on October 21, 1970, and by the United States Federal Government on February 17, 1972.

The Santa Rosa Junior College Foundation secures property by outright gift, bequest, will, trust and investment earnings. The Foundation awards scholarships; grants; and loans to develop, promote, foster and implement the programs and activities of Santa Rosa Junior College.

The Board of Directors for the fiscal year ended June 30, 2021, was comprised of the following members:

<u>Members</u>	<u>Office</u>	<u>Term</u>
Steve Page	Chair	2019-2022
Teresa Norton	Vice Chair	2019-2022
Dr. Frank Chong	Secretary	No term – District rep
Kate Jolley	Treasurer	No term – District rep
Scott Bartley	Member	2021-2023
Jeff Bricker	Member	2021-2023
Dan Condron	Member	2018-2021
Maggie Fishman	Member	No term – District Trustees Liaison
Doug Garrison	Member	2019-2022
Suzy Marzalek	Member	2019-2022
Jorge Servin	Member	2020-2022
Kris Shear	Member	2019-2022
Carolina Spence	Member	2020-2022
Bill Traverso	Member	2019-2022
Shirley Ward	Member	2019-2022
J Mullineaux	Executive Director	

## INDEPENDENT AUDITOR'S REPORT

**Board of Directors  
Santa Rosa Junior College Foundation  
Santa Rosa, California**

### **Report on Financial Statements**

We have audited the accompanying financial statements of the Santa Rosa Junior College Foundation (the Foundation) as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, as listed in the table of contents.

#### ***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 audits 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.

#### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Santa Rosa Junior College Foundation as of June 30, 2021 and 2020, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 - 10 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audits of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements. The Supplemental Schedule of Net Position is presented for purposes of additional analysis and is not a required part of the financial statements.

The Supplemental Schedule of Net Position is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Schedule of Net Position is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Gilbert CPAs*

**GILBERT CPAs  
Sacramento, California**

**December 3, 2021**

# SANTA ROSA JUNIOR COLLEGE FOUNDATION

## MANAGEMENT'S DISCUSSION & ANALYSIS YEARS ENDED JUNE 30, 2021 AND 2020

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### Overview of the Financial Statements and Financial Analysis

The Santa Rosa Junior College (SRJC) Foundation (the Foundation) presents its financial statements for the fiscal year ended June 30, 2021. The Foundation is an auxiliary organization created for the direct support of the Sonoma County Junior College District (a State of California governmental agency). The Foundation accounts for its transactions in accordance with the pronouncements issued by the Governmental Accounting Standards Board (GASB) and other recognized regulatory agencies and practices as deemed required and applicable.

The Foundation is considered a Business-Type Activity (BTA) under the provisions of GASB 34. The BTA format includes accounting on an accrual basis and the recording of depreciation. The BTA format also requires presentation of: 1) assets and liabilities as current and non-current; 2) revenues and expenditures as operating and non-operating; 3) the use of the direct method for statement of cash flow; and, 4) management's discussion and analysis (MD&A) of the financial results.

The objective of the MD&A is to focus on current activities, resulting changes and currently known facts to provide the reader with an overall summary of the accompanying financial statements. It should be read in conjunction with the basic financial statements and supporting explanatory notes.

The basic financial statements include the following:

- A) Balance Sheets
- B) Statements of Revenues, Expenses, and Changes in Net Position
- C) Statements of Cash Flows
- D) Notes to the Financial Statements

### Financial Highlights

- 1) *Annual Events* – The Foundation provides internal support services for numerous College based events. Several are coordinated by Foundation committees, including Bear Cub Athletic Trust, Ag Trust and Friends of Petaluma Campus Trust. The President's Address and annual donor recognition event are coordinated by the Foundation. A gross total of \$85,936 was contributed to these events during 2020-21.
- 2) *Fundraising* – A total of \$7,125,621 from all sources was contributed to the Foundation in 2020-21, including \$3,900,000 in Exchange Bank dividends received from the Frank P. Doyle Trust for the Doyle Funds.
- 3) *Managed Investments* – Invested assets (stocks and bonds), non-Doyle Funds, experienced positive returns during this reporting period for a total of 28.38%. The value of endowed invested assets is \$69,021,675 as of June 30, 2021.
- 4) *Operating Expenditures* – No SRJC District support was received by the Foundation during 2020-21. The operating budget of \$1,211,184 for 2020-21 was derived from annual fund management, assessment fees and private donations. The Foundation maintains an unrestricted reserve fund. These funds serve as a contingency to support the annual budget and are used only when deemed fiscally prudent. In 2020-21, the Foundation's unrestricted revenue and other increases were higher than operating expenditures and other decreases by \$508,855, therefore increasing the ending net position.

# SANTA ROSA JUNIOR COLLEGE FOUNDATION

## MANAGEMENT'S DISCUSSION & ANALYSIS YEARS ENDED JUNE 30, 2021 AND 2020

- 5) *Scholarships* – Doyle Scholarship and grant award amounts increased from \$2,463,449 in 2019-2020 to \$2,664,345 in 2020-21. Foundation scholarship and grant award amounts decreased from \$1,863,096 to \$1,700,831.
- 6) *Net Position* – Total end of year net position increased \$16,647,127 from \$62,284,557 in 2019-2020 to \$78,931,684 in 2020-21.

### Balance Sheet

The purpose of the Balance Sheet is to present the reader with a review of the Foundation's financial condition at the conclusion of the fiscal year. This section demonstrates the ability of the SRJC Foundation to continue operations; how much is owed to vendors, and to provide a picture of the net position and its availability for future expenditures.

### BALANCE SHEET

	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>
<b>ASSETS</b>			
Current assets	\$ 11,439,989	\$ 7,710,222	\$ 6,977,706
Noncurrent assets	<u>72,205,879</u>	<u>58,623,674</u>	<u>57,171,046</u>
<b>TOTAL ASSETS</b>	<u>\$ 83,645,868</u>	<u>\$ 66,333,896</u>	<u>\$ 64,148,752</u>
<b>LIABILITIES</b>			
Current liabilities	\$ 1,344,006	\$ 1,297,376	\$ 1,778,118
Noncurrent liabilities	<u>2,980</u>	<u>2,579</u>	<u>2,664</u>
<b>TOTAL LIABILITIES</b>	<u>1,346,986</u>	<u>1,299,955</u>	<u>1,780,782</u>
<b>DEFERRED INFLOWS</b>			
Charitable remainder trusts	<u>3,367,198</u>	<u>2,749,384</u>	<u>2,772,088</u>
<b>TOTAL DEFERRED INFLOWS</b>	<u>3,367,198</u>	<u>2,749,384</u>	<u>2,772,088</u>
<b>NET POSITION</b>			
Restricted:			
Restricted by donors	76,897,797	60,759,525	58,214,796
Unrestricted	<u>2,033,887</u>	<u>1,525,032</u>	<u>1,381,086</u>
Total net position	<u>78,931,684</u>	<u>62,284,557</u>	<u>59,595,882</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<u>\$ 83,645,868</u>	<u>\$ 66,333,896</u>	<u>\$ 64,148,752</u>

# SANTA ROSA JUNIOR COLLEGE FOUNDATION

## MANAGEMENT'S DISCUSSION & ANALYSIS YEARS ENDED JUNE 30, 2021 AND 2020

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### 1) *Assets:*

- A) Current assets consist of cash and equivalents, accounts receivable, pledges receivable and prepaid expenses. Current assets total \$11,439,989 in 2020-21, an increase of \$3,729,767 from 2019-20.
- B) Noncurrent assets consist of long-term pledge receivables, investments, and charitable remainder trust assets. Investments consist of short and long-term instruments managed in a diversified portfolio. These instruments include stocks, bonds, certificates of deposit and US Treasury notes. Investments include assets held in trust. Noncurrent assets in 2020-21 total \$72,205,879, an increase of \$13,582,205 from 2019-20.

### 2) *Liabilities:*

Liabilities consist of accounts payable, payables to the Sonoma County Junior College District, unearned revenue, Charitable Remainder Trust liabilities and other trust liabilities. Total liabilities for 2020-21 was \$1,344,006, an increase of \$46,630 from 2019-20.

### 3) *Deferred Inflows of Resources:*

Total deferred inflows for 2020-21 total \$3,367,198, an increase of \$617,814 from 2019-20.

### 4) *Net Position:*

- A) Restricted net position is funds provided by donors and may only be spent in accordance with their specified criteria. It includes permanent endowments that allow only for the annual investment + return to be spent. The corpus is to be held in perpetuity. Restricted net position totals \$76,897,797 in 2020-21, an increase of \$16,138,272 from 2019-20.
- B) Unrestricted net position is the amount available to the Foundation for any purpose in support of its mission. The Unrestricted net position increased \$508,855, from \$1,525,032 in 2019-2020 to 2,033,887 in 2020-21.
- C) Total net position for 2020-21 is \$78,931,684.

### 5) *Total Liabilities, Deferred Inflows of Resources and Net Position is \$83,645,868 in 2020-21.*



# SANTA ROSA JUNIOR COLLEGE FOUNDATION

## MANAGEMENT'S DISCUSSION & ANALYSIS YEARS ENDED JUNE 30, 2021 AND 2020

### Statement of Revenues, Expenses and Change in Net Position

The purpose of the Statement of Revenues, Expenses and Changes in Net Position is to provide the details of the Foundation operation and non-operating activities for the fiscal year. This includes the revenue and support displayed by major source (net of discounts and allowances), expenses, gains and/or losses received.

### STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>
<b>REVENUES AND SUPPORT</b>			
Contribution Revenue	\$ 7,125,621	\$ 6,141,917	\$ 6,269,243
Investment Revenue	15,209,826	2,855,043	1,362,034
Other Income	<u>326,486</u>	<u>371,154</u>	<u>269,818</u>
<b>Total Revenue</b>	<u>22,661,933</u>	<u>9,368,114</u>	<u>7,901,095</u>
<b>EXPENSES</b>			
Program Services	4,364,163	4,692,942	4,299,391
District Support and Events	568,055	869,676	820,264
Other Transfers	<u>1,082,588</u>	<u>1,116,821</u>	<u>1,025,517</u>
<b>Total Expenses</b>	<u>6,014,806</u>	<u>6,679,439</u>	<u>6,145,172</u>
<b>INCREASE IN NET POSITION</b>	16,647,172	2,688,675	1,755,923
<b>NET POSITION, Beginning of year</b>	<u>62,284,557</u>	<u>59,595,882</u>	<u>57,839,959</u>
<b>NET POSITION, End of year</b>	<u>\$ 78,931,684</u>	<u>\$ 62,284,557</u>	<u>\$ 59,595,882</u>

The Statement of Revenues, Expenses and Changes in Net Position includes the following categories:

*1) Revenue and Support:*

- A) Doyle Contributions – Annual Exchange Bank dividends paid to SRJC for scholarships by the Frank P. Doyle Trust. SRJC and the Frank P. Doyle Trust work in partnership for overall management of the Doyle Fund.
- B) Contributions – Primarily consist of revenues received from donors to be used for scholarships and by various educational programs and projects on the SRJC Campus.
- C) Interest and Dividends – Investment returns generated through financial activity with the Foundation Fund Manager, Morgan Stanley (Graystone Consulting), as well as investments with local financial institutions.
- D) Summer Repertory Theatre Gate Receipts and Advertisements – Consist of ticket sale revenues and program sponsorship by community based businesses.

# SANTA ROSA JUNIOR COLLEGE FOUNDATION

## MANAGEMENT'S DISCUSSION & ANALYSIS YEARS ENDED JUNE 30, 2021 AND 2020

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- E) Net Realized and Unrealized Gains/(Losses) on Investments – See interest and dividends section above.
- F) Other Income – Derived through fee assessment for the management of program and project funds at SRJC and for the provision of coordination and consultation assistance for recurring and one-time campus events.

### 2) *Expenses:*

- A) Doyle Scholarships and Grants – Annual award amounts paid to eligible students in attendance at SRJC. As previously stated, overall management of the Doyle Funds is conducted in partnership between SRJC and the Frank P. Doyle Trust.
- B) Foundation Scholarships and Grants – Annual award amounts paid from endowed funds, restricted individual donor contributions, and business community contributions.
- C) Summer Repertory Theatre – Scholarships – Annual award amounts paid via SRT-based endowed funds, donor restricted contributions, and revenue derived from ticket sales and business community sponsorships.
- D) Other Expenses – Primarily various transfer amounts from Foundation managed funds to the SRJC District accounts for use by campus educational programs and projects.

### 3) *Interfund Transfers:*

- A) Administrative Fee Transfer – This amount represents the annual fee assessment made by the Foundation for management of endowed and SRT funds. These funds are used for Foundation operating expenses.
- B) Other Transfers - Net: This figure represents the amount of Foundation operating funds transferred to the SRJC District.

- 4) *Change in Net Position:* The change in net position is the result of the fiscal year excess of revenues over expenses, which is also the change in total net position on the Balance Sheet.

# SANTA ROSA JUNIOR COLLEGE FOUNDATION

## MANAGEMENT'S DISCUSSION & ANALYSIS YEARS ENDED JUNE 30, 2021 AND 2020

### Statements of Cash Flows

The Statements of Cash Flows shows the cash provided by and used in operating, non-capital financing activities, and investing activities:

	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	\$ 3,965,860	\$ 929,593	\$ 2,671,435
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	(1,082,588)	(1,116,821)	(1,025,517)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	1,892,892	205,936	(5,838,228)
<b>NET CHANGE IN CASH AND EQUIVALENTS</b>	<u>4,776,164</u>	<u>18,708</u>	<u>(4,192,310)</u>
<b>CASH AND EQUIVALENTS, Beginning of year</b>	<u>6,592,550</u>	<u>6,573,842</u>	<u>10,766,152</u>
<b>CASH AND EQUIVALENTS, End of year</b>	<u>\$ 11,368,714</u>	<u>\$ 6,592,550</u>	<u>\$ 6,573,842</u>

1) *Operating Activities:*

- A) Contributions – Funds received from private donors and events.
- B) Payments to/on Behalf of Students – Scholarship and grant awards from Doyle funds, Foundation funds, SRT, individual donor-restricted and business community-based contributions.
- C) Other Receipts and Payments – Primarily various transfer amounts from Foundation managed funds to the SRJC District accounts for use by campus educational programs and projects, and payments to community-based vendors for the promotion of campus educational programs and projects.

2) *Non-capital Financing Activities:* See Other Transfers – Net

3) *Investing Activities:*

Purchases and Sales of Investments – Investing activities represent funds used to purchase and sell various instruments designed to achieve growth in associated investment earnings.

4) *End of Year Cash and Equivalents* total \$11,368,714, an increase of \$4,776,164 from 2019-20.

# **SANTA ROSA JUNIOR COLLEGE FOUNDATION**

## **MANAGEMENT'S DISCUSSION & ANALYSIS YEARS ENDED JUNE 30, 2021 AND 2020**

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### **Economic Outlook**

The Foundation's investments have experienced several years of significant positive returns, including in 2020-21, despite the market fluctuations caused by COVID-19. In 2020-21 the Foundation's investments showed a gain of 28.38% and in 2019-20 there was a gain of 7.48%. Combined with donor contributions received during the year, the Foundation's total assets increased to \$83,645,868. In collaboration with investment asset managers, the Foundation's Investment Committee continues to improve the further diversification of its current portfolio to be more in line with global economic strategies, which serve a dual investment goal of decreasing investment risk and increasing rates of return.

COVID-19 has impacted the Foundations ability to hold events, which could have an impact on future revenues. The Foundation has begun a new strategic planning process for the Foundation that will have lasting impacts on the future direction of the Foundation operations and fundraising.

### **Contacting the SRJC Foundation Financial Management**

This Management's Discussion and Analysis is designed to provide the citizens, taxpayers, donors, investors, creditors and any other interested party a general overview of the Foundation finances. This report also demonstrates the accountability for the money received. If you have questions pertaining to this report or require additional financial information, contact the Vice President of Finance and Administrative Services, Santa Rosa Junior College, 1501 Mendocino Avenue, Santa Rosa, California 95401, (707) 527-4421.

# SANTA ROSA JUNIOR COLLEGE FOUNDATION

## BALANCE SHEETS JUNE 30, 2021 AND 2020

<b>ASSETS</b>	<b><u>2021</u></b>	<b><u>2020</u></b>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 11,368,714	\$ 6,592,550
Accounts receivable		1,015,372
Current portion of pledges receivable	<u>71,275</u>	<u>102,300</u>
Total current assets	<u>11,439,989</u>	<u>7,710,222</u>
<b>NONCURRENT ASSETS:</b>		
Investments	67,570,622	54,842,468
Endowment fund	1,184,148	976,252
Pledges receivable, net	76,902	49,598
Charitable remainder trust assets	<u>3,374,207</u>	<u>2,755,356</u>
Total noncurrent assets	<u>72,205,879</u>	<u>58,623,674</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 83,645,868</u></b>	<b><u>\$ 66,333,896</u></b>
<b>LIABILITIES, DEFERRED INFLOWS, AND NET POSITION</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 90,349	\$ 95,759
Unearned revenue	10,000	10,000
Current portion of liabilities under charitable remainder trusts	4,029	3,394
Amounts held on behalf of others	<u>1,239,628</u>	<u>1,188,223</u>
Total current liabilities	<u>1,344,006</u>	<u>1,297,376</u>
<b>NONCURRENT LIABILITIES:</b>		
Liabilities under charitable remainder trusts	<u>2,980</u>	<u>2,579</u>
<b>TOTAL LIABILITIES</b>	<b><u>1,346,986</u></b>	<b><u>1,299,955</u></b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Deferred inflows of resources related to charitable remainder trusts	<u>3,367,198</u>	<u>2,749,384</u>
<b>NET POSITION:</b>		
Restricted:		
Restricted by donors	75,713,649	59,783,273
Other (nonexpendable)	1,184,148	976,252
Unrestricted	<u>2,033,887</u>	<u>1,525,032</u>
<b>TOTAL NET POSITION</b>	<b><u>78,931,684</u></b>	<b><u>62,284,557</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION</b>	<b><u>\$ 83,645,868</u></b>	<b><u>\$ 66,333,896</u></b>

The accompanying notes are an integral part of these financial statements.

# SANTA ROSA JUNIOR COLLEGE FOUNDATION

## STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Restricted	Unrestricted	Total	Restricted	Unrestricted	Total
<b>REVENUE AND SUPPORT:</b>						
Doyle contributions	\$ 3,900,000		\$ 3,900,000	\$ 3,950,000		\$ 3,950,000
Contributions	3,122,795	\$ 102,826	3,225,621	2,081,536	\$ 110,381	2,191,917
Interest and dividends	615,495	21,935	637,430	1,020,604	35,983	1,056,587
Summer Repertory Theatre gate receipts and advertisements				311,987		311,987
Net realized and unrealized gain (loss) on investments	14,007,888	564,508	14,572,396	1,750,306	48,150	1,798,456
Other income	284,482	42,004	326,486	54,594	4,573	59,167
Total revenue and support	21,930,660	731,273	22,661,933	9,169,027	199,087	9,368,114
<b>EXPENSES:</b>						
Doyle scholarships and grants	2,664,345		2,664,345	2,463,449		2,463,449
Foundation scholarships and grants	1,700,831		1,700,831	1,863,096		1,863,096
District support and events	401,804	166,251	568,055	791,174	78,502	869,676
Summer Repertory Theatre - scholarships	(1,013)		(1,013)	291,397		291,397
Doubtful pledges - foundation				75,000		75,000
Total expenses	4,765,967	166,251	4,932,218	5,484,116	78,502	5,562,618
Gain before transfers	17,164,693	565,022	17,729,715	3,684,911	120,585	3,805,496
<b>INTERFUND TRANSFERS:</b>						
Administrative fee transfer	(861,235)	861,235		(965,182)	965,182	
Other transfers — net	(165,186)	(917,402)	(1,082,588)	(175,000)	(941,821)	(1,116,821)
Total transfers	(1,026,421)	(56,167)	(1,082,588)	(1,140,182)	23,361	(1,116,821)
<b>INCREASE IN NET POSITION</b>	16,138,272	508,855	16,647,127	2,544,729	143,946	2,688,675
<b>NET POSITION, BEGINNING OF YEAR</b>	60,759,525	1,525,032	62,284,557	58,214,796	1,381,086	59,595,882
<b>NET POSITION, END OF YEAR</b>	\$ 76,897,797	\$ 2,033,887	\$ 78,931,684	\$ 60,759,525	\$ 1,525,032	\$ 62,284,557

The accompanying notes are an integral part of these financial statements.

# SANTA ROSA JUNIOR COLLEGE FOUNDATION

## STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Contributions	\$ 7,888,168	\$ 4,995,546
Payments to/on behalf of students	(4,364,163)	(4,617,942)
Other receipts and payments	<u>441,855</u>	<u>551,989</u>
Net cash provided by operating activities	<u>3,965,860</u>	<u>929,593</u>
 <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Other transfers - net	<u>(1,082,588)</u>	<u>(1,116,821)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	(22,176,954)	(29,672,106)
Sales of investments	<u>24,069,846</u>	<u>29,878,042</u>
Net cash provided by investing activities	<u>1,892,892</u>	<u>205,936</u>
 <b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	4,776,164	18,708
 <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>6,592,550</u>	<u>6,573,842</u>
 <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 11,368,714</u>	<u>\$ 6,592,550</u>
 Reconciliation of net operating gain to net cash provided by operating activities:		
Operating gain	\$ 17,729,715	\$ 3,805,496
Net realized and unrealized gains on investments	(14,572,396)	(1,798,456)
Donated investments	(48,650)	(24,632)
Adjustments to reconcile net income to net cash provided by operating activities:		
Accounts receivable	1,015,372	(1,013,428)
Pledges receivable	3,721	182,586
Prepaid expenses		216,620
Endowment fund	(207,896)	41,937
Charitable remainder trust assets	(618,851)	23,001
Accounts payable and payable to District	(5,410)	(210,371)
Unearned revenue		(257,834)
Liabilities under charitable remainder trust	1,036	(295)
Amounts held on behalf of others	51,405	(12,327)
Deferred inflows of resources	<u>617,814</u>	<u>(22,704)</u>
Net cash provided by operating activities	<u>\$ 3,965,860</u>	<u>\$ 929,593</u>

The accompanying notes are an integral part of these financial statements.

# SANTA ROSA JUNIOR COLLEGE FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2021 AND 2020

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### 1. SIGNIFICANT ACCOUNTING POLICIES

#### A. BASIS OF ACCOUNTING AND FINANCIAL REPORTING

The Santa Rosa Junior College Foundation (the Foundation) was established under AB2627, Chapter 858, Statutes of 1980 and operates as authorized by the Board of Governors (TS/59259). The Foundation is a not-for-profit public benefit corporation organized to provide support to various programs and functions of the Sonoma County Junior College District (the District), as well as to provide a link between the District and the community. The Foundation is considered a component unit of the District for financial reporting purposes and, accordingly, is reported as a discretely presented component unit in the District's financial statements.

The Foundation is considered to be a governmental not-for-profit organization. As such, it applies the accounting and financial reporting principles of the Governmental Accounting Standards Board (GASB). For financial reporting purposes, the Foundation is considered a special-purpose government engaged only in business-type activities. Accordingly, the Foundation's financial statements have been presented using the economic resources measurement focus and accrual basis of accounting.

#### B. CASH AND CASH EQUIVALENTS

Cash and cash equivalents have been defined as cash and highly liquid short-term investments with original maturities of 90 days or less at the date of purchase. All deposits with banks are fully collateralized.

#### C. INVESTMENTS

Investments are reported at fair value on the balance sheet based on open market quotes for debt and equity securities. Unrealized gains and losses are recorded on the statement of revenues, expenses and changes in net position.

#### D. CHARITABLE REMAINDER TRUST ASSETS

Charitable Remainder Trust Assets include the estimated fair value of various irrevocable charitable trusts in which the Foundation is the trustee and secondary beneficiary. Additionally, the charitable remainder trust assets include the estimated net present value of the Foundation's remainder interest in various irrevocable trusts, for which the Foundation is the secondary beneficiary. The net present values of these assets were determined using investment returns consistent with the composition of the asset portfolios, life expectancies, and relevant discount rate. Irrevocable charitable trusts whose use by the Foundation is limited due to donor-imposed restrictions increase deferred inflow of resources.

#### E. PLEDGES RECEIVABLE

The Foundation accounts for its pledges in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* (GASB 33). GASB 33 establishes reporting standards for nonexchange transactions, which in the case of the Foundation, are restricted pledges to be contributed in the future.



# SANTA ROSA JUNIOR COLLEGE FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2021 AND 2020

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### F. UNEARNED REVENUE

Unearned revenue consist primarily of ticket and advertising revenue collected in advance of Summer Repertory Theatre events.

### G. LIABILITIES UNDER CHARITABLE REMAINDER TRUSTS

Liabilities under Charitable Remainder Trusts represent the present value of the liabilities due to primary beneficiaries of the irrevocable charitable remainder trusts for which the Foundation is the trustee. On an annual basis, the Foundation reviews the need to revalue the liabilities to make distributions to the designated beneficiaries based upon actuarial assumptions. The present value of the estimated future payments is calculated using a discount rate of 8.8% and the applicable mortality table.

### H. RESTRICTED NET POSITION

Restricted net position represent funds restricted as to use under the terms of donor gift agreements.

### I. REVENUE RECOGNITION

Contributions are recognized in full when received or unconditionally promised, in accordance with professional standards. All contributions are considered available for unrestricted use unless specifically restricted by donors for future periods or specific purposes. Donor-restricted amounts are reported as increases in restricted net position. Donor restrictions are considered satisfied when the time restrictions expire or the contributions are used for the restricted purpose.

Summer Repertory Theatre gate receipts and advertisements are recognized when the performance takes place. Receipts received in advance of the performance are recorded to unearned revenue until earned.

### J. 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). The Foundation has no activities that are subject to taxation as unrelated business income. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(v) and has been classified as an organization other than a private foundation under Section 509(a)(2). The California Franchise Tax Board made a similar determination under Section 23701d of the State Revenue and Taxation Code.

### K. RELATED ENTITY

The Foundation receives and invests contributions for the development of endowed funds on behalf of the District. These funds, pending distribution, are administered and held according to the specific organization's direction and invested by the Foundation in an agent capacity on behalf of the District, and the activities are included in the Foundation's Balance Sheet.

# SANTA ROSA JUNIOR COLLEGE FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2021 AND 2020

### L. ESTIMATES

In preparing financial statements, management uses estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from these estimates.

### 2. INVESTMENTS

Investments and cash equivalents presented in the accompanying financial statements include insured or registered investments held by the Foundation or its agent in the Foundation's name. Insured mechanisms include the Securities Investor Protection Corporation (SIPC), and supplemental protection through underwriters at Lloyd's of London and the Federal Deposit Insurance Corporation (FDIC).

The Foundation paid broker fees of \$310,599 and \$274,840 during the years ended June 30, 2021 and 2020, respectively, which are netted against the investment income.

Cash and investments as of June 30 are classified in the accompanying financial statements as follows:

	<u>2021</u>	<u>2020</u>
Balance Sheet:		
Investments	\$ 67,570,622	\$ 54,842,468
Cash and Cash Equivalents	<u>11,368,714</u>	<u>6,592,550</u>
Total Cash and Investments	<u>\$ 78,939,336</u>	<u>\$ 61,435,018</u>

#### Investments Authorized by the Foundation's Investment Policy

The table below identifies the investment types that are authorized for the Foundation by the Foundation's investment policy.

<u>Authorized Investment Type</u>	<u>Strategic Allocation</u>	<u>Upper Limit</u>
Global Public Equity	45%	65%
Global Private Equity	10%	15%
Global Fixed Income	20%	35%
Real Assets / Real Return	10%	20%
Alternative Investments	15%	25%

The table above does not apply to Doyle funds, charitable remainder trust funds, Foundation holding accounts, or any assets held separate from the investment assets for specific purpose deemed necessary by the Foundation's Investment Committee. Per the investment policy, Doyle funds are to be invested only in cash equivalents, certificates of deposit, and US Treasury bonds, with the exception of any stock in Exchange Bank held within the Doyle Fund. Agency trust funds are to be segregated and held in separate holding accounts, and are subject to the investment policy described in the above table.

# SANTA ROSA JUNIOR COLLEGE FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2021 AND 2020

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### **Alternative Investments (Hedge Funds)**

According to the Foundation's investment policy, allowable alternative investments include fund-of-funds. A fund-of-funds is an investment in which an investment manager invests in hedge funds of multiple underlying investment advisors. Hedge funds are private investments, generally structured as limited partnerships or investment companies. The objective of investing in hedge funds is to diversify the Foundation's investment portfolio, complement traditional equity and fixed-income investments, improve the overall performance consistency of the portfolio, and lower the overall risk of the portfolio. Hedge funds are expected to provide diversification by investing in strategies that do not correlate directly with traditional equity and fixed-income investments. Such strategies may utilize short-selling and leverage, and may include investments in common and preferred stock, options, warrants, convertible securities, foreign securities, foreign currencies, commodities, commodity futures, financial futures, derivatives, mortgage-backed and mortgage-related securities, real estate, bonds, and other assets.

### **Interest Rate Risk**

Changes in market interest rates will adversely affect the fair value of an investment, resulting in interest rate risk. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Interest rate risk may be managed by purchasing a combination of shorter and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing evenly over time, to provide the cash flow and liquidity needed for operations.

### **Fair Value Measurement**

Investments are reported at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Fair value is determined from quoted market prices. GASB 72 requires the Foundation to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach or an income approach. The Foundation categorizes its fair value measurements using the market approach within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

# SANTA ROSA JUNIOR COLLEGE FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2021 AND 2020

Information about the fair value hierarchy and sensitivity of fair values of the investments to market interest rate fluctuations is provided by the following table, which presents the distribution of the investments by maturity:

		<b>June 30, 2021</b>				
		<b>Remaining Maturity (in Years)</b>				
<b>Investment Type</b>	<b>Fair Value Hierarchy</b>	<b>Total Market Value</b>	<b>Less than 1 Year</b>	<b>1 to 5 Years</b>	<b>5 to 10 Years</b>	<b>Greater than 10 Years</b>
US Treasury notes	2	\$ 1,827,500	\$ 178,376	\$ 1,059,410	\$ 252,174	\$ 337,540
Other government bonds/ notes	2	559,522			52,136	507,386
Corporate bonds	2	1,985,990	107,721	324,543	924,516	629,210
Common stock	1	23,061,591	23,061,591			
Closed end funds	2	4,980,786	4,980,786			
Alternative investments	2	15,969,715	15,969,715			
Fixed income mutual funds	2	1,950,944	1,950,944			
Equity mutual funds	2	15,311,421	15,311,421			
Cash	N/A	6,165,176	6,165,176			
Certificates of deposit	N/A	1,923,153	1,923,153			
Money market	N/A	5,203,538	5,203,538			
		<u>\$ 78,939,336</u>	<u>\$ 74,852,421</u>	<u>\$ 1,383,953</u>	<u>\$ 1,228,826</u>	<u>\$ 1,474,136</u>
		<b>June 30, 2020</b>				
		<b>Remaining Maturity (in Years)</b>				
<b>Investment Type</b>	<b>Fair Value Hierarchy</b>	<b>Total Market Value</b>	<b>Less than 1 Year</b>	<b>1 to 5 Years</b>	<b>5 to 10 Years</b>	<b>Greater than 10 Years</b>
US Treasury notes	2	\$ 3,441,606	\$ 2,152,776	\$ 442,058	\$ 414,194	\$ 432,578
Other government bonds/ notes	2	455,648				455,648
Corporate bonds	2	1,908,276	88,198	931,614	605,120	283,344
Common stock	1	17,646,813	17,646,813			
Closed end funds	2	2,953,965	2,953,965			
Alternative investments	2	10,926,980	10,926,980			
Fixed income mutual funds	2	2,321,141	2,312,141			
Equity mutual funds	2	13,303,279	13,303,279			
Cash	N/A	6,129,638	6,129,638			
Certificates of deposit	N/A	1,884,760	1,884,760			
Money market	N/A	462,912	462,912			
		<u>\$ 61,435,018</u>	<u>\$ 57,870,462</u>	<u>\$ 1,373,672</u>	<u>\$ 1,019,314</u>	<u>\$ 1,171,570</u>

# SANTA ROSA JUNIOR COLLEGE FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2021 AND 2020

### Highly Sensitive Investments

Mortgage-backed securities are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided in the previous table) and are subject to early payment in a period of declining interest rates. The resulting reduction in expected total cash flows affects the fair value of these securities and makes the fair values of these securities highly sensitive to changes in interest rates.

### Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment, which is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below are the ratings as of year-end for each investment type.

<u>Investment Type</u>	<u>Total Balance</u>	<u>Exempt From Disclosure</u>	<u>June 30, 2021</u>				
			<u>Rating as of Year-End (Standard and Poor's)</u>				
			<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BBB</u>	<u>Not Rated</u>
US Treasury notes	\$ 1,827,500	\$1,827,500					
Other government bonds/ notes	559,522						\$ 559,522
Corporate bonds	1,985,990		\$ 39,334	\$ 414,881	\$ 808,390	\$ 723,385	
Common stock	23,061,591						23,061,591
Closed end funds	4,980,786						4,980,786
Alternative investments	15,969,715						15,969,715
Fixed income mutual funds	1,950,944						1,950,944
Equity mutual funds	15,311,421						15,311,421
Cash	6,165,176						6,165,176
Certificates of deposit	1,923,153						1,923,153
Money market	5,203,538						5,203,538
	<u>\$78,939,336</u>	<u>\$1,827,500</u>	<u>\$ 39,334</u>	<u>\$ 414,881</u>	<u>\$ 808,390</u>	<u>\$ 723,385</u>	<u>\$75,125,846</u>