Report of Independent Auditors and
Consolidated Financial Statements

North Valley Community Foundation

June 30, 2024 and 2023

MOSSADAMS

Table of Contents

Report of Independent Auditors

The Board of Directors
North Valley Community Foundation

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of North Valley Community Foundation and affiliates, which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of North Valley Community Foundation and affiliates as of June 30, 2024 and 2023, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about North Valley Community Foundation and affiliates' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 North Valley Community Foundation and affiliates' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about North Valley Community Foundation and affiliates' ability to continue as a going concern for a reasonable period of time.

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

Moss Adams LLP

Sacramento, California
February 25, 2025

Consolidated Financial Statements

North Valley Community Foundation
Consolidated Statements of Financial Position
June 30, 2024 and 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 3,708,349	$ 3,851,341
Short-term investments	24,195,614	30,021,911
Notes receivable, current portion	636,000	202,944
Contributions and grants receivable	636,479	1,006,373
Other current assets	95,902	22,771
Total current assets	29,272,344	35,105,340
NONCURRENT ASSETS		
Notes receivable, net of current portion	147,494	83,576
Long-term investments	10,736,121	11,042,717
Investments in limited partnership and LLC	-	912,086
Property and equipment, net	4,135,271	6,755,483
Operating lease right-of-use asset	480,577	-
Deposits	8,500	7,000
Other assets	-	54,281
Total noncurrent assets	15,507,963	18,855,143
Total assets	$ 44,780,307	$ 53,960,483
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 173,001	$ 352,147
Grants payable, current portion	1,353,896	2,159,276
Advances payable	500,000	500,000
Refundable advances	1,500	1,500
Operating lease liability, current portion	73,559	-
Note payable, current portion	85,897	-
Total current liabilities	2,187,853	3,012,923
NONCURRENT LIABILITIES		
Amounts held on behalf of others	1,105,284	1,053,567
Grants payable, net of current portion	-	150,000
Operating lease liability	412,263	-
Total noncurrent liabilities	1,517,547	1,203,567
Total liabilities	3,705,400	4,216,490
NET ASSETS		
Without donor restrictions	36,120,943	45,314,175
With donor restrictions	4,953,964	4,429,818
Total net assets	41,074,907	49,743,993
Total liabilities and net assets	$ 44,780,307	$ 53,960,483

See accompanying notes.

North Valley Community Foundation
Consolidated Statements of Activities and Changes in Net Assets
Years Ended June 30, 2024 and 2023

	2024	2023
REVENUES WITHOUT DONOR RESTRICTIONS		
Revenues		
Contributions of cash and other financial assets	$ 1,811,181	$ 6,431,398
Grants	2,270,762	2,073,622
Program and administration fees	864,158	769,663
Investment income, net	1,213,972	829,338
Net realized and unrealized investment gains	1,262,657	552,951
Rental income	287,560	348,399
Other income	133,857	563,214
Net gain from interests in limited partnership and LLC	260,831	244,905
Net assets released from restriction and reclassifications	240,308	178,075
Total revenues	8,345,286	11,991,565
Expenses		
Program services	16,257,203	17,147,139
Supporting services	1,281,315	1,321,914
Total expenses	17,538,518	18,469,053
Changes in net assets without donor restrictions	(9,193,232)	(6,477,488)
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions of cash and other financial assets	319,183	119,850
Investment income	67,836	47,629
Net realized and unrealized investment gains	377,435	236,805
Net assets released from restriction	(240,308)	(178,075)
Changes in net assets with donor restrictions	524,146	226,209
CHANGES IN NET ASSETS	(8,669,086)	(6,251,279)
NET ASSETS, beginning of year	49,743,993	55,995,272
NET ASSETS, end of year	$ 41,074,907	$ 49,743,993

See accompanying notes.

North Valley Community Foundation
Consolidated Statements of Functional Expenses
Years Ended June 30, 2024 and 2023

	Year Ended June 30, 2024				
	Program Services	Supporting Services			
	Community Programs	Management and General and Administrative Fees	Fundraising and Marketing	Total Supporting Services	Total Expenses
Grants awarded	$ 10,907,220	$ 5,333	$ -	$ 5,333	$ 10,912,553
Administrative fees	323,146	-	-	-	323,146
Project expenses	3,148,842	607	-	607	3,149,449
Salaries and benefits	1,076,022	710,166	183,380	893,546	1,969,568
Bank fees	10,660	4,002	-	4,002	14,662
Facility and equipment expenses	457,617	97,343	31,725	129,068	586,685
Other operational expenses	333,696	227,762	20,997	248,759	582,455
Total	$ 16,257,203	$ 1,045,213	$ 236,102	$ 1,281,315	$ 17,538,518

	Year Ended June 30, 2023				
	Program Services	Supporting Services			
	Community Programs	Management and General and Administrative Fees	Fundraising and Marketing	Total Supporting Services	Total Expenses
Grants awarded	$ 11,383,264	$ 12,027	$ -	$ 12,027	$ 11,395,291
Administrative fees	296,459	-	-	-	296,459
Project expenses	3,157,836	-	-	-	3,157,836
Salaries and benefits	1,281,323	712,698	162,466	875,164	2,156,487
Bank fees	30,124	7,930	-	7,930	38,054
Facility and equipment expenses	670,717	109,228	32,252	141,480	812,197
Other operational expenses	327,416	204,826	80,487	285,313	612,729
Total	$ 17,147,139	$ 1,046,709	$ 275,205	$ 1,321,914	$ 18,469,053

See accompanying notes.

North Valley Community Foundation
Consolidated Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ (8,669,086)	$ (6,251,279)
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Depreciation	130,581	140,983
Amortization of right-of-use assets - operating	73,018	-
Net realized and unrealized investment gains	(2,921,900)	(1,666,723)
Net gain from interests in limited partnership and LLC	(260,831)	(244,905)
Noncash donated stock	(500,477)	(328,656)
Conversion of note receivable to grant	100,000	64,000
Donation of property and investment	3,370,192	-
Changes in operating assets and liabilities:		
Contributions and grants receivable	369,894	2,486,461
Deposits and other assets	111,175	1,389
Accounts payable and accrued liabilities	(179,146)	212,857
Grants payable	(955,380)	(1,047,918)
Refundable advances	-	1,500
Amounts held on behalf of others	51,717	36,323
Lease liability - operating	(67,773)	-
Net cash used in operating activities	(9,348,016)	(6,595,968)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	22,453,529	27,967,754
Purchases of investments	(12,898,259)	(23,326,582)
Purchases of property and equipment	-	(52,472)
Net cash provided by investing activities	9,455,270	4,588,700
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of notes receivable	(600,000)	-
Collections of notes receivable	3,026	3,177
Proceeds from capital distributions	260,831	378,708
Proceeds from advances payable	-	250,000
Proceeds from issuance of notes payable	100,000	-
Principal payments of notes payable	(14,103)	-
Net cash (used in) provided by financing activities	(250,246)	631,885
NET CHANGES IN CASH AND CASH EQUIVALENTS	(142,992)	(1,375,383)
CASH AND CASH EQUIVALENTS, beginning of year	3,851,341	5,226,724
CASH AND CASH EQUIVALENTS, end of year	$ 3,708,349	$ 3,851,341
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Unrelated business income tax paid	$ 6,750	$ -
Donation of stock received	$ (500,477)	$ (328,656)
Operating right-of-use assets recorded under Accounting Standards Codification (ASC) 842	$ 553,595	$ -
Operating lease liabilities recorded under ASC 842	$ 553,595	$ -

See accompanying notes.

Note 1 – Organization and Significant Accounting Policies

Organization – North Valley Community Foundation (NVCF) is a not-for-profit corporation responsible for charitable funds and the income generated by funds of many donors. NVCF is committed to promoting the well-being of humankind and to serving the general charitable, educational, and scientific needs of the inhabitants of Butte, Colusa, Glenn, and Tehama Counties in Northern California through charitable grants at the discretion of the Board of Directors.

Principles of consolidation – The accompanying consolidated financial statements reflect the consolidation of NVCF and affiliates (collectively, the Foundation). Material transactions between the entities have been eliminated in consolidation. The affiliated entities are as follows:

Smallfoot, LLC, and Hindell Paradise Shopping Center, LLC, are single-member limited liability companies considered as disregarded entities for Internal Revenue Service (IRS) purposes. Ownership of both affiliates was donated to NVCF to hold the title to land and buildings that are income-producing assets. Each affiliate is part of a donor-advised fund established at time of the donation.

NVCF Properties, LLC is a single-member liability company considered as disregarded entity for IRS purposes. NVCF Properties, LLC was organized in June 2019 with the purpose of receiving real estate gifts.

Basis of presentation – The consolidated financial statements are prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Use of estimates – The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents – The Foundation considers all highly liquid investments with an original maturity from the date of purchase of three months or less to be cash and cash equivalents for the consolidated statements of financial position and consolidated statements of cash flow purposes.

Investments – Investments consist of mutual funds, certificates of deposit, equities, fixed-income, and exchange-traded products. Investments with maturity dates of less than one year are presented as current on the consolidated statements of financial position. Investments are stated at fair value, with all gains and losses included in the consolidated statements of activities and changes in net assets.

Contributions and grants receivable – Contributions and grants receivable represent unconditional promises to contribute specified amounts to the Foundation in the future. The contributions are recognized as contributions within the consolidated statements of activities and changes in net assets when made.

Contributions and grants receivable are measured at their fair value and reported as an increase in net assets. The Foundation reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction is satisfied or a stipulated time restriction ends, net assets are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities and changes in net assets as net assets released from restrictions. Contributions are subject to variance power giving the Board the power to modify any restriction or condition on the distribution of funds for any specified charitable purpose or to specified organizations if, in the sole judgment of the Board, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served. Based on that provision, the Foundation classifies contributions as without donor restrictions for consolidated financial statement presentation. There were $609,166 and $1,006,373 contributions and grants receivable as of June 30, 2024 and 2023, respectively, and the entire balance is expected to be collected within the next year and as such is considered current.

Allowance for uncollectible contributions and grants – An allowance is maintained to provide for uncollectible contributions and grants that can be expected to occur in the normal course of operations. The allowance is based on management's analysis of the outstanding pledges and general business and economic conditions in the community. The allowance is established through a provision for losses, which reduces gross revenue. As of June 30, 2024 and 2023, management determined that no allowance for uncollectible contributions and grants was necessary.

Investment in limited partnership and LLC – The Foundation accounts for its interest in companies in which it has no control by using the equity method of accounting. Under the equity method, original investments are recorded at cost and adjusted by the Foundation's share of undistributed earnings or losses, contributions, and distributions of such companies.

As of June 30, 2024 and 2023, the Foundation's investments in Fred and Eileen Hignell Limited Partnership consist of 99% ownership interest. The limited partnership interest was donated to the Foundation to hold ownership of the income-producing asset as part of a donor-advised fund established at time of the limited partnership interest donation. The limited partnership owns various interests in five residential rental properties. While the investment value is $0 as of June 30, 2024 and 2023, due to distributions exceeding the value of the Foundation's capital in the limited partnership, it is still operational. Distributions exceeded the value of the Foundation's investment by $621,843 and $429,792 for the years ended June 30, 2024 and 2023, respectively, which were recognized as net gain from interests in limited partnership and LLC on the consolidated statements of activities. Even though the investment's value is $0 as of June 30, 2024, management is aware of its significant value due to consistent distributions of at least $240,000 annually over the past three years.

During the fiscal year ended June 30, 2021, Smallfoot, LLC, became a one-third member of Garner Properties, LLC, which was formed to extend water and sewer to Smallfoot, LLC, land and to two other properties whose owners are each one-third members of Garner Properties, LLC. The investment consists of money contributed on behalf of Smallfoot, LLC.

During the year ended June 30, 2024, the Foundation granted its investment in the offsite improvements held by Garner, LLC with a net value of $778,753 to another nonprofit organization.

Property and equipment – Property and equipment are stated at cost or at fair value at the date of gift, if donated, net of accumulated depreciation. All donated assets are reported as revenues without donor restrictions unless donors' stipulations specify how the assets must be used. The Foundation capitalizes all expenditures for property and equipment in excess of $2,000. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally ranging from three to 30 years. Expenditures for maintenance and repairs are charged to operations as incurred, while renewals and betterments are capitalized. When property and equipment are retired or otherwise disposed of, the cost and related accumulated depreciation or amortization are removed from the accounts and any resulting gain or loss is reflected in income for the period.

During the year ended June 30, 2024, the Foundation granted the property owned by Smallfoot, LLC with a net value of $2,589,631 to another nonprofit organization.

Leases – Accounting under Financial Accounting Standards Board (FASB) Accounting Standards Codification 842, *Leases* (ASC 842). The Foundation adopted ASC 842 effective July 1, 2022, using a modified retrospective transition. There was no cumulative-effect adjustment to the opening balance of net assets as of the effective date (the effective date method). The Foundation uses a risk-free rate as lease discount rates.

In the ordinary course of business, the Foundation may enter into a variety of lease arrangements, including operating leases. Transactions give rise to leases when the Foundation receives substantially all the economic benefits from and has the ability to direct the use of specified property and equipment. The Foundation determines if an arrangement is a lease at inception.

Right-of-use (ROU) assets represent the Foundation's right to use, or control the use of, a specified asset for the lease term. Lease liabilities are the Foundation's obligation to make lease payments arising from a lease and are measured on a discounted basis. Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term on the commencement date. The operating lease ROU asset includes any lease payments made and initial direct costs incurred and excludes lease incentives. The operating lease ROU assets are included within the Foundation's noncurrent assets and lease liabilities are included in current and noncurrent liabilities on the Foundation's consolidated statements of financial position.

The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Foundation will exercise that option. Lease expense for minimum lease payments continues to be recognized on a straight-line basis over the lease term.

The Foundation has elected the practical expedient to combine lease and nonlease components as a single lease component. The Foundation recognizes lease payments on a straight-line basis over the lease term for all leases with an original term of 12 months or less that are not classified on the consolidated statement of financial position. The Foundation will continue to recognize those lease payments in the consolidated statements of activities and changes in net assets on a straight-line basis over the lease term.

Long-lived assets – Long-lived assets consist primarily of property and equipment. The assessment of recoverability of carrying value is based on an analysis of operating results and consideration of other significant events or changes in the business environment. If the Foundation has indicators of impairment, management evaluates whether impairment exists on the basis of undiscounted expected future cash flows from operations, over the remaining useful life of the related assets. If impairment exists, the carrying amount of the long-lived assets would be reduced to its estimated fair value. At June 30, 2024 and 2023, management determined that long-lived assets were not impaired.

Grants payable – Grants payable represent unconditional grants that have been authorized but remain unpaid as of the consolidated statements of financial position date. Conditional grants are expensed and considered payable in the period the conditions are satisfied. There were no conditional grants as of June 30, 2024 and 2023. Grants payable in more than one year are discounted to present value using a discount rate of 2%. As of June 30, 2024 and 2023, unamortized discounts of grants payable in more than one year totaled $0 and $2,941, respectively.

Amounts held on behalf of others – The Foundation accepts funds from unrelated not-for-profit organizations who desire to have the Foundation provide efficient investment management, programmatic expertise, and technical assistance. A liability is recorded at the estimated fair value of assets deposited with the Foundation by not-for-profit organizations and is reflected under amounts held on behalf of others on the accompanying consolidated statements of financial position. Assets are invested in the Foundation's investment pools and also include a vehicle in other assets.

Revenue recognition – Contributions and grants are recognized as revenue when received or unconditionally promised. Unconditional grants that are expected to be collected in future years are recognized at fair value based on discounted cash flows. The discount on these amounts is computed using the rate applicable in the year the promises were received. Contributions of nonfinancial assets are recorded at their estimated fair value. Real estate contributed is recorded at appraised value on the date of the gift. Contributions of public stock are sold immediately and recorded at the net selling price on the date of donation.

Certain grants received from governments, agencies, and others, which are conditioned upon the Foundation incurring certain qualifying costs or meeting other conditions, are recognized as revenue when the qualifying costs are incurred. Funds received but not yet spent are recorded as refundable advances.

Program and administration fees consist of agreed-upon fees to the Foundation for management of charitable programs to cover staff time and other overhead costs and of finance fees charged on transactions or on fund balances in accordance with agreed terms. Program fees are recognized as revenue as the staff time and other overhead costs are incurred. Administration fees are recognized as revenue as a percentage of transactions when the administrative activities are provided.

Rental income consists primarily of rent payments received by Hignell Family Paradise Shopping Center, LLC and is recognized as revenue when earned in accordance with the terms of the rental agreements.

Other income consists of miscellaneous activity including various event fundraising income recognized as revenue at a point in time when payment is received and event registration income recognized as revenue when the event occurs.

Functional expense allocations – The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of functional expenses. The expenses are tracked by fund and are directly assigned to program services. Supporting services are shared over the entire Foundation and are tracked separately from program services.

Marketing – The Foundation expenses marketing costs as incurred, which amounted to $1,841 and $6,484 for the years ended June 30, 2024 and 2023, respectively, and are included in supporting services in the consolidated statements of activities and changes in net assets.

Income taxes – NVCF is a nonprofit corporation exempt from federal income taxes under Internal Revenue Code section 501(c)(3) and from State of California income taxes, except on unrelated business income. Therefore, these consolidated financial statements contain no provision for such taxes. Informational returns are filed annually with federal and state taxing authorities. NVCF is not aware of any transactions that would affect its tax-exempt status. Unrelated business income tax is generated through the Fred and Eileen Hignell Limited Partnership.

Smallfoot, LLC, Hignell Family Paradise Shopping Center, LLC and NVCF Properties, LLC are considered disregarded entities for IRS purposes. As a result, all transactions are reported on the Foundation's Form 990. For California Franchise Tax Board purposes, these are considered a separate legal entity and subject to a fee based on gross income. For the years ended June 30, 2024 and 2023, the LLC taxes for these affiliates totaled $6,600 and $8,300, respectively.

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 consolidated financial statements. The Foundation had no unrecognized tax benefits as of June 30, 2024 and 2023.

Concentrations of credit risk – Financial instruments that potentially subject the Foundation to concentrations of credit risk consist primarily of investments in excess of Securities Investor Protection Corporation (SIPC) insurance and cash deposits in excess of Federal Deposit Insurance Corporation (FDIC). The Foundation periodically maintains balances in depository and brokerage accounts in excess of the respective FDIC and SIPC insurance limits. Management monitors the financial condition of these institutions on a regular basis and does not believe it is exposed to any significant credit risk on uninsured amounts.

New accounting pronouncements – Effective July 1, 2023, the Foundation adopted FASB Accounting Standards Update (ASU) 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* which required the use of the current expected credit losses (CECL) impairment model for a broad scope of financial instruments, including financial assets measured at amortized cost (which includes loans, held-to-maturity debt securities, and trade receivables), net investments in leases, and certain off-balance-sheet credit exposures. This ASU excludes grants and contributions receivable and financial assets measured at fair value through change in net assets. The CECL model required the immediate recognition of estimated expected credit losses over the life of the financial instrument. Under this standard, disclosures are required to provide users of the consolidated financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. The impact of the adoption was not considered significant to the consolidated financial statements and primarily resulted in enhanced disclosures only.

Subsequent events – Subsequent events are events or transactions that occur after the consolidated statement of financial position date, but before consolidated financial statements are available to be issued. The Foundation recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated statement of financial position, including the estimates inherent in the process of preparing the consolidated financial statements. The consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated statement of financial position, but arose after the consolidated statement of financial position date and before the consolidated financial statements are available to be issued.

Subsequent events have been evaluated through February 25, 2025, the date the consolidated financial statements were available to be issued.

Note 2 – Liquidity and Availability of Resources

The Foundation's consolidated financial assets available within one year of the financial position date for general expenditures are as follows:

	2024	2023
Cash and cash equivalents	$ 3,708,349	$ 3,851,341
Short-term investments	24,195,614	30,021,911
Notes receivable, current portion	636,000	202,944
Contributions and grants receivable, current portion	636,479	1,006,373
Other current assets	95,902	22,771
Net financial assets available within one year	29,272,344	35,105,340
Less: amounts held on behalf of others	(1,105,284)	(1,053,567)
Less: amounts unavailable for general expenditures - required to satisfy donor restrictions	(4,953,964)	(4,429,818)
Net financial assets available to meet cash needs for general expenditures within one year	$ 23,213,096	$ 29,621,955

The Foundation has a goal to maintain cash and short-term investment balances on hand to meet at least 90 days of ordinary business expenses, which are on average $500,000. The Foundation structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Foundation's working capital, which is the difference between current assets and current liabilities, was $27,084,491 and $32,092,417 for the years ended June 30, 2024 and 2023, respectively.

Note 3 – Fair Value Measurements

The Foundation applies the guidance ASC 820, *Fair Value Measurement* (ASC 820), for all financial assets and liabilities that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis (at least annually). ASC 820 defines fair value, establishes a framework for measuring fair value, and enhances disclosures about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for the asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity. In addition, the fair value of liabilities should include consideration of nonperformance risk, including the Foundation's own credit risk.

In addition to defining fair value, the standard states the disclosure requirements around fair value and establishes a fair value hierarchy for valuation inputs. The hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of the three levels, which is determined by the lowest level input that is significant to the fair value measurement in its entirety.

These levels are:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities. Due to the inherent uncertainty of valuation of nonmarketable and restricted investments, those estimated values may differ significantly from the values that would have been used had a ready market for the securities existed. Those differences could be material.

As of June 30, 2024 and 2023, investment fair values are based on either quoted market prices, quoted market prices for similar securities, indications of values provided by brokers, or derived from model-based valuation techniques that use assumptions not observable in the market.

Management monitors the availability of observable market data to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Management evaluates the significance of transfers between levels based upon the nature of the consolidated financial instrument and size of the transfer relative to total assets, total liabilities, or total earnings. There were no such transfers for the years ended June 30, 2024 and 2023.

The following tables present information about the Foundation's assets measured at fair value on a recurring basis as of June 30:

	Fair Value Measurements as of June 30, 2024			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Mutual funds	$ 7,354,312	$ -	$ -	$ 7,354,312
Certificates of deposit	-	16,689,551	-	16,689,551
Equities	406,992	-	-	406,992
Fixed-income	2,413,898	-	-	2,413,898
Exchange-traded products	8,066,982	-	-	8,066,982
Total investments	$ 18,242,184	$ 16,689,551	$ -	$ 34,931,735

	Fair Value Measurements as of June 30, 2023			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Mutual funds	$ 6,118,824	$ -	$ -	$ 6,118,824
Certificates of deposit	-	19,672,411	-	19,672,411
Equities	572,902	-	-	572,902
Fixed-income	7,919,853	-	-	7,919,853
Exchange-traded products	6,780,638	-	-	6,780,638
Total investments	$ 21,392,217	$ 19,672,411	$ -	$ 41,064,628

There were no assets or liabilities measured at fair value on a nonrecurring basis as of June 30, 2024 and 2023.

Note 4 – Notes Receivable

A note receivable in the original amount of $165,000 was gifted to the Foundation during the year ended June 30, 2018. The note is payable in monthly installments of $625 including interest at 3%. The note is unsecured and is due March 1, 2025. Interest is included in other income in the consolidated statements of activities and changes in net assets. The remaining balance of the note receivable at June 30, 2024 and 2023, is $147,494 and $150,520, respectively. While the note receivable is due in less than one year, it is included in notes receivable, net of current portion on the consolidated statement of financial position as the note is expected to be refinanced rather than repaid.

The Foundation has evaluated the collectability of the note receivable in accordance with the CECL model under Topic 326. After assessing the creditworthiness of the borrower, historical collection trends, and current economic conditions, management has concluded that no allowance for credit losses is necessary. The Foundation believes that the note receivable is fully collectible based on the borrower's payment history and current financial condition. Management will continue to monitor the note receivable for any changes in credit risk and will reassess the need for an allowance for credit losses at each reporting date.

A note receivable in the original amount of $200,000 was originated by the Foundation during the year ended June 30, 2021. The note is to Healthy Rural California, Inc., a 501(c)3 organization, for the cost associated with accreditation of a Psychiatry Residency Consortium based in Butte County. The note is payable in one lump-sum installment and carries no interest. It is convertible to grants under certain conditions. In June 2023, the Foundation converted $64,000 of the note receivable to a grant and in May 2024, the Foundation converted $100,000 of the note receivable to a grant. The remaining balance of the note receivable at June 30, 2024 and 2023, is $36,000 and $136,000, respectively. The remaining balance is due to be repaid on June 30, 2025.

A note receivable in the original amount of $600,000 was originated by the Foundation during the year ended June 30, 2024. The note is to Community Housing Improvement Program (CHIP). The loan is for a period of one year with interest of 3% per annum with prorated interest due at the beginning of each calendar quarter beginning January 1, 2024. It is convertible to grants under certain conditions. The loan principal is all due and payable on September 30, 2024, plus interest for the third quarter of the calendar year. The remaining balance of the note receivable at June 30, 2024, is $600,000. CHIP requested a 9-month extension of the maturity date, which the Foundation accepted. This extended the maturity date to June 30, 2025.

Note 5 – Property and Equipment, Net

Property and equipment, net consisted of the following as of June 30:

	2024	2023
Building	$ 3,582,278	$ 3,828,938
Land	1,090,805	3,489,027
Computer equipment	90,475	90,475
Furniture and fixtures	40,052	40,052
Tenant and leasehold improvements	118,277	18,277
Total property and equipment	4,921,887	7,466,769
Less: accumulated depreciation	(786,616)	(711,286)
Property and equipment, net	$ 4,135,271	$ 6,755,483

The land and building amounts, which were donated to the Foundation, are held in the three affiliates that produce income for associated donor-advised funds. The furniture, fixtures, and computer equipment are held by the Foundation for its operations. Depreciation expense for the years ended June 30, 2024 and 2023 was $119,409 and $127,631 for the building, and $11,172 and $13,352 for the computer equipment, furniture, and fixtures, and leasehold improvements, respectively. Depreciation is included in supporting services on the consolidated statements of activities and changes in net assets.

Note 6 – Advances Payable

The Foundation has two advances payable with County of Glenn and County of Tehama of $250,000 each. These advances are related to a grant from the Department of Water Resources and provide liquidity for the Foundation to operate the program governed by the grant. The advances bear no interest and are repayable to the respective counties promptly once the Foundation receives grant reimbursements from the Department of Water Resources. The advances are due to be repaid on April 1, 2025 and October 31, 2025, respectively.

Note 7 – Leases

The Foundation leases its primary office space located in Chico, California. The Foundation assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed or if a lease extension assumption changes. Leases with an initial term of 12 months or less are not recorded on the consolidated statements of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease term.

Lease assets and lease liabilities for the Foundation's noncancelable operating lease as of June 30, 2024, were as follows:

Assets	Classification	
Operating	Operating lease right-of-use assets	$ 480,577
Liabilities	Classification	
Current		
Operating	Current maturities of operating lease liabilities	73,559
Noncurrent		
Operating	Operating lease liabilities	412,263
	Total	$ 485,822

Supplemental quantitative disclosures for the years ended June 30, 2024 and 2023, were as follows:

	2024	2023
Operating lease cost	$ 85,296	$ -
Short-term lease cost	9,105	119,561
	$ 94,401	$ 119,561
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows used for operating leases		$ 67,773
Additions to right-of-use assets obtained in the period from operating leases		$ 553,595
Weighted-average remaining lease term (years):		
Operating leases		5.75
Weighted-average discount rate:		
Operating leases		4.03%

As of June 30, 2024, the undiscounted future lease payments over the lease term for operating leases, along with reconciliation of the undiscounted cash flows to operating lease liabilities were as follows:

Years Ending June 30,	
2025	$ 90,623
2026	92,436
2027	94,285
2028	96,170
2029	98,094
Thereafter	74,668
Total lease payments	546,276
Less: present value discount	(60,454)
Lease liability	$ 485,822

In January 2025, the Foundation extended its office lease through March 31, 2027. The new lease agreement has an option to extend for another two years through March 31, 2029 with base rent increases of 2.5% each year.

Note 8 – Net Assets

Net assets are classified based on existence or absence of donor-imposed restrictions as follows:

Net assets without donor restrictions – Represent resources available to support the Foundation's operations, and resources with no use or time restrictions that have become available for use by the Foundation, in accordance with the intention of the donor. A portion of these net assets may be designated by the Board of Directors for specific purposes. As of June 30, 2024 and 2023, the Foundation had no board-designated net assets.

The Foundation retains a variance power in its bylaws that allows the Board to modify any restriction or condition on the distribution of funds for any specified charitable purpose or to specified organizations if, in the sole judgment of the Board (without the necessity of the approval of any other party), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served. That provision has rarely been used by the Board during the Foundation's history and in all such cases, the Board's actions attempt to follow the donor's original intent as closely as is practicable. However, based on that provision, the Foundation classifies contributions otherwise restricted by donors and their related activity as net assets without donor restrictions for financial statement presentation.

As of June 30, 2024 and 2023, net assets without donor restrictions were $36,120,943 and $45,314,175, respectively, on the consolidated statements of financial position, of which $4,609,314 and $4,688,924, respectively, represents operating funds that the Foundation may use for general operations without the Board having to exercise its variance power. The remaining amount of $31,511,629 and $40,647,721, respectively, is considered by management as having some type of donor designation (donor contributions to funds held and managed by the Foundation that have a specific charitable purpose), are scholarship funds with criteria for distribution, or donor advised-funds. These assets are subject to the variance power but would almost never be reclassified for use by the Foundation for general operations.

Net assets with donor restrictions – Represent those resources of which the use has been restricted by donors to specific use or the passage of time. The release of net assets from restrictions results from the satisfaction of the restricted purposes specified by the donors, or the passage of time, or both. Based on the variance of power provision described under net assets without donor restrictions, management determined that only endowment funds shall be recognized as net assets with donor restrictions (see Note 9). Total net assets with donor restrictions was $4,953,964 and $4,429,818 as of June 30, 2024 and 2023, respectively.

Note 9 – Endowment Net Assets

Endowment – The Foundation accounts for endowment gifts under the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Under UPMIFA, the Foundation may allow an endowed fund to spend into historic gift value if it can prudently do so after consideration of seven factors that affect the spending and future earnings of the fund. The factors in making a determination as to the appropriation of assets for expenditure are: (1) the duration and preservation of the fund, (2) the purposes of the organization and the endowment fund with donor restrictions, (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 investment policies of the Foundation.

Investment and spending policies – The Foundation has adopted investment and spending policies for endowed assets that attempt to provide a predictable stream of funding for programs supported by endowments, while seeking to maintain the purchasing power of the endowed assets. The investment and spending policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes.

The Foundation has a policy of appropriating for distribution of an amount not greater than 5% of an endowment fund after deduction of the Foundation's administrative expenses. The current long-term return objective is an annualized total rate of return over a three-year period that exceeds an appropriate index rate return by 1.50 percentage points compounded annually, net of investment fees, for equity funds and 0.75 percentage points for fixed income. The Foundation's spending policy is reviewed annually in light of economic conditions and relationship to the overall long-term benchmark.

To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation with an emphasis on equity-based investments, within prudent risk parameters.

Classifications include endowment that is designated by donors. The changes in endowment net assets for the years ended June 30 were as follows:

	2024	2023
Endowment net assets, July 1	$ 4,429,818	$ 4,203,609
Contributions	319,183	119,850
Investment return		
Investment income	67,836	47,629
Net realized and unrealized gains	377,435	236,805
Total investment return	445,271	284,434
Appropriation of endowment assets for expenditure	(240,308)	(178,075)
Endowment net assets, June 30	$ 4,953,964	$ 4,429,818

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or California version of UPMIFA requires the Foundation to retain as a fund of duration. These deficiencies generally result from unfavorable fluctuations in the underlying value of the funds held for these accounts. However, the Foundation has several endowment funds whose distribution terms by their nature and intention spend their historic gift values. In accordance with U.S. GAAP, the deficiencies of this nature are reported in net assets with donor restrictions. Deficiencies exist in nine and fifteen donor-restricted endowment funds at June 30, 2024 and 2023, which together has an original gift value of $2,681,798 and $3,146,691, and a fair value of $2,141,574 and $2,468,615 as of the years ended June 30, 2024 and 2023, resulting in deficiencies of $540,224 and $678,076, respectively.

Note 10 – Commitments and Contingencies

Contingencies – The Foundation is subject to legal proceedings and claims that arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to such actions will not materially affect the consolidated financial position or changes in net assets of the Foundation.

MOSSADAMS