



**SIERRA FOOTHILL CONSERVANCY
(A CALIFORNIA NON-PROFIT ORGANIZATION)**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

**FOR THE YEARS ENDED
JUNE 30, 2022 AND 2021**

**SIERRA FOOTHILL CONSERVANCY
(A CALIFORNIA NON-PROFIT CORPORATION)**

JUNE 30, 2022 AND 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Sierra Foothill Conservancy
Mariposa, California

Opinion

We have audited the accompanying consolidated financial statements of Sierra Foothill Conservancy (the Conservancy), a nonprofit organization, and affiliates, which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Sierra Foothill Conservancy and affiliates as of June 30, 2022 and 2021, 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Conservancy 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 opinions.

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 the Conservancy's 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered

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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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 Conservancy's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Conservancy's ability to continue as a going concern for a reasonable period of time.

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

Report on Supplementary Information

Our audits were conducted for the purpose of forming opinions on the consolidated financial statements as a whole. The consolidating statements of financial position, activities, operating expenses and cash flows on pages 26-29 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information 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. The information has been subjected to the auditing procedures applied in the audits 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Price Price & Company

Clovis, California
January 19, 2023

**SIERRA Foothill Conservancy
Consolidated Statements of Financial Position
June 30, 2022 and 2021**

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 2,349,669	\$ 2,531,998
Investments	17,813,311	20,050,110
Grants and other receivables	1,097,553	701,382
Prepaid expenses and other assets	24,165	12,743
Inventories	15,600	12,000
Property and equipment, net	615,203	504,326
Conserved land	9,599,416	8,888,596
Total assets	\$ 31,514,917	\$ 32,701,155
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 37,050	\$ 39,637
Accrued expenses	99,168	102,791
Deferred revenue	68,645	103,575
Agency and trust fund	102,100	116,256
Note payable - Small Business Administration	-	171,441
Total liabilities	306,963	533,700
Net assets:		
Net assets without donor restrictions	2,916,250	2,225,766
Net assets with donor restrictions	28,291,704	29,941,689
Total net assets	31,207,954	32,167,455
Total liabilities and net assets	\$ 31,514,917	\$ 32,701,155

See Independent Auditor's Report and Notes to the Consolidated Financial Statements.

**SIERRA FOOTHILL CONSERVANCY
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenues, gains and support:			
Grant income	\$ 710,065	\$ -	\$ 710,065
Investment income, net	2,889	(2,685,298)	(2,682,409)
Contributions:			
Cash and other financial assets	2,038,469	825,840	2,864,309
Nonfinancial assets	200,575	710,820	911,395
Grazing fees	80,193	-	80,193
Fees for services	355,210	-	355,210
Miscellaneous income	346	-	346
Rental income	11,900	-	11,900
Beef sales	52,479	-	52,479
Forgiveness of debt income	173,184	-	173,184
 Total revenues, gains and support before net assets released from restrictions	3,625,310	(1,148,638)	2,476,672
 Net assets released from restrictions	501,347	(501,347)	-
 Total revenues, gains and support after reclassification of net assets released from restrictions	4,126,657	(1,649,985)	2,476,672
 Costs and expenses:			
Program services	2,832,795	-	2,832,795
Fundraising	190,262	-	190,262
General and administrative	336,781	-	336,781
Sierra Lands Beef, LLC	76,335	-	76,335
 Total costs and expenses	3,436,173	-	3,436,173
 Changes in net assets	690,484	(1,649,985)	(959,501)
 Net assets, beginning of year	2,225,766	29,941,689	32,167,455
 Net assets, end of year	\$ 2,916,250	\$ 28,291,704	\$ 31,207,954

See Independent Auditor's Report and Notes to the Consolidated Financial Statements.

**SIERRA FOOTHILL CONSERVANCY
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenues, gains and support:			
Grant income	\$ 805,157	\$ 250,000	\$ 1,055,157
Investment income, net	2,314	4,023,692	4,026,006
Contributions			
Cash and other financial assets	9,384,713	103,500	9,488,213
Nonfinancial assets	-	-	-
Grazing fees	77,081	-	77,081
Fees for services	330,006	-	330,006
Miscellaneous income	10,620	-	10,620
Rental income	11,800	-	11,800
Beef sales	77,649	-	77,649
Forgiveness of debt income	170,791	-	170,791
 Total revenues, gains and support before net assets released from restrictions	 10,870,131	 4,377,192	 15,247,323
 Net assets released from restrictions	 371,557	 (371,557)	 -
 Total revenues, gains and support after reclassification of net assets released from restrictions	 11,241,688	 4,005,635	 15,247,323
 Costs and expenses:			
Program services	10,190,381	-	10,190,381
Fundraising	186,618	-	186,618
General and administrative	287,568	-	287,568
Sierra Lands Beef, LLC	78,336	-	78,336
 Total costs and expenses	 10,742,903	 -	 10,742,903
 Changes in net assets	 498,785	 4,005,635	 4,504,420
 Net assets, beginning of year	 1,726,981	 25,936,054	 27,663,035
 Net assets, end of year	 \$ 2,225,766	 \$ 29,941,689	 \$ 32,167,455

See Independent Auditor's Report and Notes to the Consolidated Financial Statements.

**SIERRA FOOTHILL CONSERVANCY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022**

	Supporting Services				Total
	Program Services	Fundraising	General and Administrative	Sierra Lands Beef	
Personnel costs:					
Salaries and wages	\$ 559,657	\$ 97,933	\$ 200,274	\$ -	\$ 857,864
Employee benefits	63,505	11,112	22,725	-	97,342
Payroll taxes	44,151	7,726	15,799	-	67,676
Total personnel costs	667,313	116,771	238,798	-	1,022,882
Other costs and expenses:					
Advertising and promotion	-	-	-	601	601
Auction merchandise	-	-	-	-	-
Auto expenses	8,411	1,472	3,010	3,156	16,049
Bank and finance charges	924	3,470	1,013	988	6,395
Community education	8,379	1,466	2,998	-	12,843
Conference expenses	2,438	427	872	-	3,737
Conservation easements	1,310,050	-	-	-	1,310,050
Contracted services	598,172	13,563	18,982	16,375	647,092
Cost of cattle sold	-	-	-	34,203	34,203
Dues and subscriptions	8,329	1,457	2,981	-	12,767
Feed supplements	-	-	-	994	994
Grazing fees	-	-	-	16,639	16,639
Insurance	36,908	6,459	13,208	646	57,221
Interest expense	1,141	200	409	-	1,750
License and permits	7,907	1,383	2,829	-	12,119
Loss on disposition of assets	-	-	-	-	-
Program materials and supplies	2,553	1,780	31	-	4,364
Management fee	-	-	-	-	-
Member events	-	-	-	-	-
Miscellaneous	1,175	206	420	175	1,976
Office expense	7,234	1,266	2,589	464	11,553
Postage and delivery	442	1,897	675	113	3,127
Printing and copying	2,438	15,361	2,826	-	20,625
Professional fees	46,307	3,188	6,519	263	56,277
Property taxes	2,941	515	1,053	-	4,509
Rent and related	13,153	2,301	4,706	-	20,160
Repairs and maintenance	11,603	-	123	620	12,346
Taxes and licenses	-	-	-	800	800
Travel	7,946	1,851	1,595	298	11,690
Utilities	21,061	3,685	7,536	-	32,282
Total other costs and expenses	2,099,512	61,947	74,375	76,335	2,312,169
Subtotal	2,766,825	178,718	313,173	76,335	3,335,051
Depreciation	65,970	11,544	23,608	-	101,122
Total costs and expenses	\$ 2,832,795	\$ 190,262	\$ 336,781	\$ 76,335	\$ 3,436,173

See Independent Auditor's Report and Notes to the Consolidated Financial Statements.

**SIERRA FOOTHILL CONSERVANCY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021**

	Supporting Services			Sierra Lands Beef	Total
	Program Services	Fundraising	General and Administrative		
Personnel costs:					
Salaries and wages	\$ 478,398	\$ 92,072	\$ 179,866	\$ -	\$ 750,336
Employee benefits	52,179	10,042	19,618	-	81,839
Payroll taxes	40,124	7,722	15,086	-	62,932
Total personnel costs	570,701	109,836	214,570	-	895,107
Other costs and expenses:					
Advertising and promotion	-	-	-	579	579
Auction merchandise	-	-	-	-	-
Auto expenses	7,328	1,411	2,756	4,741	16,236
Bank and finance charges	3	2,969	711	948	4,631
Community education	1,863	358	700	-	2,921
Conference expenses	2,654	511	998	-	4,163
Conservation easements	8,805,100	-	-	-	8,805,100
Contracted services	566,377	15,946	1,008	450	583,781
Cost of cattle sold	-	-	-	45,898	45,898
Dues and subscriptions	12,510	2,408	4,704	70	19,692
Feed supplements	-	-	-	4,034	4,034
Grazing fees	-	-	-	16,715	16,715
Insurance	31,562	6,074	11,867	582	50,085
Interest expense	1,079	208	406	-	1,693
License and permits	16,239	3,125	6,105	-	25,469
Loss on disposition of assets	-	-	-	-	-
Program materials and supplies	4,143	8,258	78	-	12,479
Management fee	-	-	-	-	-
Member events	-	-	-	-	-
Miscellaneous	720	138	269	83	1,210
Office expense	6,097	1,173	2,292	540	10,102
Postage and delivery	713	2,097	288	90	3,188
Printing and copying	222	13,990	2,677	-	16,889
Professional fees	54,010	2,711	6,381	306	63,408
Property taxes	1,014	195	381	-	1,590
Rent and related	12,853	2,474	4,833	-	20,160
Repairs and maintenance	18,888	-	-	1,800	20,688
Taxes and licenses	-	-	-	800	800
Travel	4,374	451	405	700	5,930
Utilities	15,346	2,953	5,770	-	24,069
Total other costs and expenses	9,563,095	67,450	52,629	78,336	9,761,510
Subtotal	10,133,796	177,286	267,199	78,336	10,656,617
Depreciation	56,585	9,332	20,369	-	86,286
Total costs and expenses	\$ 10,190,381	\$ 186,618	\$ 287,568	\$ 78,336	\$ 10,742,903

See Independent Auditor's Report and Notes to the Consolidated Financial Statements.

**SIERRA FOOTHILL CONSERVANCY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
Cash flows from operating activities:		
Changes in net assets	\$ (959,501)	\$ 4,504,420
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	101,122	86,286
Unrealized investment (gains) losses	3,069,849	(3,725,099)
Donated land	(710,820)	-
Donated buildings	(189,180)	-
Forgiveness of debt	(173,132)	(170,791)
Change in operating assets and liabilities:		
Grants and other receivable	(375,361)	328,574
Prepaid expenses and other assets	(11,422)	1,326
Inventories	(3,600)	7,200
Accounts payable	(23,397)	(46,167)
Accrued expenses	(1,932)	14,425
Agency and trust fund and deferred revenue	(49,086)	56,458
Net cash provided by (used in) operating activities	673,540	1,056,632
Cash flows from investing activities:		
Purchase of property, equipment and breeding cattle	(22,819)	(58,980)
Proceeds from sale of investment securities	43,139	1,552,181
Purchase of investment securities	(876,189)	(2,334,167)
Net cash provided by (used in) investing activities	(855,869)	(840,966)
Cash flows from financing activities:		
Proceeds from issuance of note payable	-	171,441
Net cash provided by (used in) financing activities	-	171,441
Net increase (decrease) in cash and cash equivalents	(182,329)	387,107
Cash and cash equivalents, beginning of year	2,531,998	2,144,891
Cash and cash equivalents, end of year	\$ 2,349,669	\$ 2,531,998
Supplemental disclosures of cash flow information:		
Taxes paid	\$ 1,600	\$ 1,600
Interest paid	\$ 5,981	\$ 7,271

See Independent Auditor's Report and Notes to the Consolidated Financial Statements.

**SIERRA FOOTHILL CONSERVANCY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 – ORGANIZATION AND OPERATIONS

The Sierra Foothill Conservancy (the Conservancy) is a California non-profit corporation formed in 1996 to protect, manage, administer, and preserve land and wildlife in the Central California area. The Conservancy protects foothill land through land acquisition, conservation easements, public programs and education and scientific research. The Conservancy's primary sources of revenue are contributions from the general public, grants, including gifts of land and conservation easements, fees for service and investment earnings.

During November 2010, the Conservancy established a wholly-owned subsidiary, Sierra Lands Beef, Limited Liability Company (the LLC) under the laws of the State of California. The primary purpose of the LLC is to raise and sell grass-fed beef. The LLC's primary source of revenue is from the sale of grass-fed beef. All of the activities of the LLC have been recorded and reflected in the consolidated financial statements of the Conservancy.

The Conservancy is managed by its Board of Directors who are elected in accordance with its by-laws. While the Conservancy solicits "members" on an annual basis, it is not managed by such members.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidated Financial Statements

The consolidated financial statements are presented on the accrual basis of accounting and include all accounts of the Conservancy and LLC. All significant intercompany transactions have been eliminated.

New Accounting Pronouncements

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The standard requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. The standard includes disclosure of information on an entity's policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. The new standards, as amended, is to be applied retrospectively to annual reporting periods beginning after June 15, 2021. The Conservancy adopted ASU 2020-07 with a date of initial application of July 1, 2021.

In May 2014, the FASB issued guidance (Accounting Standards Codification [ASC] 606, Revenue from Contracts with Customers) which provides a five-step analysis of contracts to determine when and how revenue is recognized and replaces most existing revenue recognition guidance in U.S. generally accepted accounting principles. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. ASC 606 is effective for annual reporting periods beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. The Conservancy adopted ASC 606 with a date of the initial application of July 1, 2020.

The Conservancy applied ASC 606 using the cumulative effect method, which resulted in recognizing the cumulative effect of initially applying the new guidance as an adjustment to the opening balance of net assets at July 1, 2020. The details of the significant changes and quantitative impact of the changes are discussed below.

As part of the adoption of ASC 606, the Conservancy elected to use the following transition practical expedients: (1) all contract modifications that occurred prior to the date of initial application when identifying the satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price have been reflected in the aggregate; and (2) ASC 606 is applied only to contracts that are not completed at the initial date of application. Because contract modifications are minimal, there is not a significant impact as a result of electing these practical expedients.

SIERRA FOOTHILL CONSERVANCY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements (Continued)

There were no significant changes that resulted from the adoption of ASC 606. The adoption of the new accounting policy did not have a significant impact on changes in net assets, and therefore, there was no adjustment to the opening balance of net assets. The Conservancy does not expect the adoption of the new revenue standard to have a material impact on its operations on an ongoing basis.

Classification of Net Assets

The consolidated financial statements of the Conservancy have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP), which require the Conservancy to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Conservancy. These net assets may be used at the discretion of the Conservancy's management and the Board of Directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Conservancy or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Fund and Endowment Investment Spending Policies

The Conservancy has adopted investment and spending policies for its Net Assets with Donor Restrictions (Endowment Assets) whose goal is to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the Endowment Assets. The Conservancy's spending and investment policies are expected to work together to achieve this objective. The investment policy establishes return objectives with diversification of asset classes. The Conservancy's current long-term return objective is to earn 5% annually. Actual returns in any given year may vary from this amount.

To satisfy its long-term return objectives, the Conservancy 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 Conservancy targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

The spending policy calculates the amount of money to be annually distributed from the Conservancy's various endowed funds, for conservation and/or administration. At June 30, 2021 and 2020, the current spending policy is to distribute an amount up to 5% of the prior three fiscal years' average fund balances. However, the individual endowment fund's spending policy may also be dependent upon individual agreements with the donors.

Fair Value of Certain Financial Instruments

Due to the short-term nature of cash and cash equivalents, grants and other receivables, prepaid expense and other assets, accounts payable, and accrued expenses, their fair values approximate their carrying values.

Cash and Cash Equivalents

Cash and cash equivalents consist of various demand and interest-bearing accounts on deposit with insured financial and brokerage institutions. The Conservancy considers all investments with an original maturity of three months or less to be cash equivalents.

SIERRA FOOTHILL CONSERVANCY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

All of the Conservancy's investments are available for sale. Investment income, including unrealized gains and losses, interest, dividends and related items are recognized in the Consolidated Statement of Activities as they are incurred. Investments are stated at their estimated fair value based on quoted closing prices or other information provided by the Conservancy's professional investment advisors.

Inventories

Inventory comprises packaged beef available for sale and grass-fed livestock cattle raised for the sale of meat and by-products. The cost of packaged beef meat is generally determined using the specific identification of the cattle, including all necessary expenses for preparation and sale. Livestock cattle are generally valued at cost and include appropriate allocations of cost for feed, supplements, grazing, veterinary and other expenses.

Property and Equipment

Property and equipment comprises autos, improvements, equipment and livestock cattle used for breeding purposes. Amounts are stated at cost or, if donated, at the asset's estimated fair value at the date of donation. All assets acquired by the Conservancy whose initial value or cost exceeds \$1,000 are capitalized and depreciated. Routine repairs and maintenance, including planned major maintenance activities are expensed when incurred. Depreciation is recorded using the straight-line method over estimated useful lives of 5 to 40 years.

Conserved Land, Conservation Easements and Acquisition Costs

The Conservancy records conserved land at cost, if purchased, or at its appraised fair market value if received as a contribution.

The Conservancy capitalizes certain fees incurred in connection with the acquisition of conserved land and conservation easements. Legal and appraisal fees that are directly related to the potential acquisition of property are capitalized and included in the total value of the acquired land or conservation easement. Costs capitalized in connection with a potential acquisition that is unsuccessful are expensed in the period in which management believes, more likely than not, the ultimate acquisition of the property will not be completed.

Contributions, or purchases, of conservation easements are recorded as Program Service Expenses when acquired as, in the opinion of management, they represent contributions by the Conservancy to the Sierra Foothill and Central San Joaquin Valley communities.

Agency and Trust Fund

The Conservancy may serve as a fiscal agent for third party donors to conduct various community programs. As a fiscal agent the Conservancy may receive funds with donor-imposed restrictions for which it does not have either 1) a unilateral right to redirect the funds to other uses (variance power) or 2) significant involvement in the determination of specific beneficiaries. Such funds are not considered to be contributions and are recorded as Agency and Trust Fund liabilities. Changes in the Agency and Trust Fund liabilities are reported separately and are not included in the Conservancy's Consolidated Statement of Activities.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

SIERRA FOOTHILL CONSERVANCY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

The Conservancy recognizes revenue from service fees at a point in time when the services are performed. Grazing fees represent fees charged to customers for cattle grazing on Conservancy's property and recognized as revenue at a point in time. The Conservancy also has cattle and beef sales which is recognized at a point in time. The Conservancy also charges rental to tenants on Conservancy property and revenue is recognized at a point in time.

The Conservancy records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

The Conservancy recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets with donor restrictions and net assets released from restriction if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Contributed Nonfinancial Assets

The Conservancy recognized contributed nonfinancial assets within revenue, including donated land, assets, property, equipment, and professional services. Contributed nonfinancial assets are recognized as contributions if they have ascertainable fair values and are able to be realized in cash or other liquid assets.

Contributions of land, land interests and conservation easements, and donations of other property are recorded when the donor makes an unconditional and enforceable promise to give and are considered unrestricted unless received with donor-imposed stipulations that limit their use. Such contributions are stated at the fair market value at the date of donation, generally based on independent appraisals obtained by the donor.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Advertising and Promotion

The Conservancy expenses all advertising and promotion costs as incurred. Total advertising expense totaled \$601 for the year ended June 30, 2022, and \$579 for the year ended June 30, 2021.

**SIERRA FOOTHILL CONSERVANCY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tax Exempt Status

Sierra Foothill Conservancy has qualified as a non-profit organization and has been granted tax-exempt status pursuant to the Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d). The Conservancy and its LLC are subject to taxation on any unrelated business income, primarily related to the sale of grass-fed beef. The LLC is subject to the State of California's minimum entity tax.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Conservancy's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

Functional Allocation of Expenses

The costs of providing the various programs and supporting activities of the Conservancy have been summarized on a functional basis in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting activities (fundraising and general and administrative) based on management's estimate of the actual personnel and facilities utilized in such activities.

Allocated expenses include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and wages	Time and Effort
Employee benefits	Time and Effort
Payroll taxes	Time and Effort
Auto expense	Time and Effort
Community education	Time and Effort
Conference expenses	Time and Effort
Dues and subscriptions	Time and Effort
Insurance	Time and Effort
Interest expense	Time and Effort
Licenses and permits	Time and Effort
Miscellaneous	Time and Effort
Office expense	Time and Effort
Property taxes	Time and Effort
Rent	Time and Effort
Utilities	Time and Effort
Depreciation	Time and Effort

Reclassifications

Certain reclassifications were made to the 2022 financial statements in order to conform to the presentation shown. These reclassifications had no effect on the Conservancy's net assets at June 30, 2021.

**SIERRA FOOTHILL CONSERVANCY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 3 – AVAILABILITY AND LIQUIDITY

Financial assets available for general expenditure within one year consisted of the following at June 30:

	2022	2021
Cash and cash equivalents	\$ 2,349,669	\$ 2,531,998
Investments	17,813,311	20,050,110
Grants and other receivables	1,097,553	701,382
Subtotal	21,260,533	23,283,490
Less amounts not available to be used within one year		
Donor-restricted with liquidity horizons greater than one year	(19,708,539)	(21,700,353)
Financial assets available to meet general expenditures within one year	\$ 1,551,994	\$ 1,583,137

The Conservancy's goal is generally to maintain financial assets to meet 180 days of operating expenses. As part of the Conservancy's liquidity management plan, cash in excess of daily requirements is maintained in cash and cash equivalent accounts for immediate access should those funds be needed. Funds in excess of daily cash requirements may be used to meet unexpected liquidity needs.

NOTE 4 – INVESTMENTS

The fair value of investment securities consisted of the following at June 30:

	2022	2021
Equity securities	\$ 10,659,721	\$ 12,600,371
Bond mutual funds	7,065,531	7,348,348
Unit investment trusts	88,059	101,391
Total investments	\$ 17,813,311	\$ 20,050,110

The Conservancy maintains all of its investment funds at Vanguard Financial Corporation. At June 30, 2022 and 2021, investments held at Vanguard Financial Corporation had an approximate value of \$17,813,300 and \$20,050,000 respectively.

The Conservancy's investment activities consisted of the following at June 30:

	2022	2021
Interest and dividends	\$ 420,807	\$ 335,664
Realized and unrealized gains (losses)	(3,069,849)	3,725,099
Investment fees	(33,367)	(34,757)
Investment income, net	\$ (2,682,409)	\$ 4,026,006

Investment securities are subject to various risks such as interest rate, market, and credit risks. Due to the level of risks associated with certain investment securities, it is likely that changes in the values of investment securities will occur in the near term and such changes could materially affect the Conservancy's account balances and amounts reported in the Consolidated Statements of Activities.

**SIERRA FOOTHILL CONSERVANCY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 5 – MITIGATION RECEIVABLE

The Conservancy received a multi-year mitigation agreement totaling \$1,075,000 during the year ended June 30, 2020. Funds related to this agreement are restricted to the payment of costs associated with managing and monitoring the North Shore Mitigation Conservation Easement. The Conservancy received \$215,000 during the year ended June 30, 2020, \$430,000 during the year ended June 30, 2021, and expects to receive \$215,000 each year for the next two years starting June 30, 2022. Total mitigation receivable at June 30, 2022 was \$430,000.

NOTE 6 – PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
Autos and trucks	\$ 203,526	\$ 215,031
Structures and improvements	1,081,845	886,282
Office equipment	19,582	16,732
Maintenance equipment	96,001	82,415
Breeding cattle and horses	<u>18,500</u>	<u>18,500</u>
Subtotal	1,419,454	1,218,960
Less accumulated depreciation and amortization	<u>(804,251)</u>	<u>(714,634)</u>
Property and equipment, net	<u>\$ 615,203</u>	<u>\$ 504,326</u>

Depreciation expense for the years ended June 30, 2022 and 2021 was \$101,122 and \$86,286, respectively.

NOTE 7 – CONSERVATION EASEMENTS

During the years ended June 30, 2022 and 2021, the Conservancy acquired conservation easements valued at approximately \$1,310,000 and \$8,805,000 on 1,729 and 8,560 acres of land, respectively. At June 30, 2022, the Conservancy acquired conservation easements, either through donations, purchases, or transfers, on approximately 41,609 acres of land throughout the Central California area.

**SIERRA FOOTHILL CONSERVANCY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 8 – CONSERVED LAND

Conserved land consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
Tivy Mountain Preserve:		
Tivy Mountain Preserve	\$ 164,000	\$ 164,000
DeLeon Property	100,000	100,000
Franklin Property	140,000	140,000
Carter Property	59,000	59,000
Beach Property	135,000	135,000
Morrison Property	<u>156,601</u>	<u>156,601</u>
 Total Tivy Mountain Preserve	 <u>754,601</u>	 <u>754,601</u>
Black Mountain Miller Preserve:		
Miller Preserve	142,000	142,000
Black Mountain Ridge	190,000	190,000
Ferrell Property	364,000	364,000
Staebler Property	67,891	67,891
Kneeland/Shows Property	<u>1,186,435</u>	<u>1,186,435</u>
 Total Black Mountain Miller Preserve	 <u>1,950,326</u>	 <u>1,950,326</u>
Other preserves:		
Table Mountain Preserve	592,000	592,000
Fine Gold Creek	2,793,260	2,793,260
Haslett Basin Property	75,325	75,325
Feliciana Mountain Preserve	110,000	110,000
Bean Creek	203,000	203,000
Martin Preserve	785,380	785,380
Mastin Preserve	1,624,704	1,624,704
Stookey Preserve	<u>710,820</u>	<u>-</u>
 Total other preserves	 <u>6,894,489</u>	 <u>6,183,669</u>
 Total conserved land	 <u>\$ 9,599,416</u>	 <u>\$ 8,888,596</u>

At June 30, 2022, the Conservancy owns fee title in approximately 7,666 acres of foothill land preserved and protected within the Central California area. The value of conserved land that has been subject to restrictions in perpetuity by the donors totaled approximately \$8,982,820 and \$8,272,000 for the years ended June 30, 2022 and 2021, respectively.

SIERRA FOOTHILL CONSERVANCY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 9 – LINES OF CREDIT AND LONG-TERM DEBT

Line of Credit

The Conservancy has available for use, a \$250,000 working capital line of credit with Central Valley Community Bank (CVCB). During the years ended June 30, 2022 and 2021, there were no balances drawn on the line of credit. There was no balance due on the line of credit at June 30, 2022 and June 30, 2021. Interest on the line accrues at 5.50% for the years ended June 30, 2022 and 2021, respectively. Amounts drawn on the line of credit are secured by substantially all of the Conservancy's assets, other than conserved land. The line of credit was renewed on substantially similar terms through January 31, 2023.

Paycheck Protection Program Note Payable

During April 2020, the Conservancy received a Small Business Administration Paycheck Protection Program (SBA PPP) loan in the amount of \$169,100. Principal and interest at 1.00% are payable monthly beginning after six months if forgiveness is not granted. Interest accrues between the date of disbursement and forgiveness on the amount of the loan that is not forgiven. The SBA PPP is a federal loan program designed to assist entities in sustaining their operations during the COVID-19 pandemic. The loan is forgivable if used for eligible costs, including payroll costs, rent payments and others. Specific criteria must be met under the program guidelines for the loan to be forgiven. The Conservancy received full forgiveness of principal and interest in the amount of \$170,791 from the SBA during the year ended June 30, 2021.

During February 2021, the Conservancy received a second disbursement of the Small Business Administration Paycheck Protection Program (SBA PPP) loan in the amount of \$171,441. Principal and interest at 1.00% are payable monthly beginning after six months if forgiveness is not granted. Interest accrues between the date of disbursement and forgiveness on the amount of the loan that is not forgiven. The SBA PPP is a federal loan program designed to assist entities in sustaining their operations during the COVID-19 pandemic. The loan is forgivable if used for eligible costs, including payroll costs, rent payments and others. Specific criteria must be met under the program guidelines for the loan to be forgiven. The Conservancy received full forgiveness of principal and interest in the amount of \$173,184 from the SBA during the year ended June 30, 2022.

LLC Intercompany Note

The LLC had a commercial loan with CVCB during the year ended June 30, 2014 which was paid by the Conservancy. Concurrent with the principal payment to CVCB by the Conservancy during the year ended June 30, 2014, a promissory note was established with the LLC for repayment in the amount of \$232,391. Terms of the note requires repayment by the LLC at a rate of \$2,087 per month including interest accruing at a rate of 5.50% annually. At June 30, 2022 and 2021, the balance remaining on the promissory note was \$65,557 and \$86,367, respectively. Total interest paid to the Conservancy by the LLC for the years ended June 30, 2022 and 2021 was \$4,231 and \$5,342, respectively and was eliminated as an inter-company transaction during consolidation of the financial statements.

NOTE 10 – CONCENTRATION OF CREDIT RISK

The Conservancy maintains balances in various accounts with banks and brokerage institutions. At June 30, 2022 and 2021, there were approximately \$636,600 and \$1,035,900, respectively, in excess of insurance provided by FDIC, SIPC and brokerage private insurance for cash and cash equivalents or investment securities, respectively.

Accounts maintained at Vanguard are protected in accordance with the Securities Investor Protection Corporation (SIPC) up to \$500,000. The \$500,000 total amount of SIPC protection is inclusive of up to \$250,000 protection for claims for cash.

SIERRA FOOTHILL CONSERVANCY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 11 – FAIR VALUE MEASUREMENTS

In accordance with generally accepted accounting principles, fair value is defined as the price that the entity would receive upon selling an asset or pay to transfer a liability at the reporting date. Generally accepted accounting principles establishes a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs, and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing an asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing an asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are those that reflect the reporting entity’s own assumptions about the factors market participants would use in pricing the asset or liability developed based on the best information available.

The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly, and fair value is determined through the use of other valuation methodologies

Level 3 – Valuations based on inputs that are not observable and significant to the overall fair value measurement, including the entity’s own assumptions in determining the fair value of assets or liabilities

The following is a summary of the inputs used as of June 30 in valuing the Conservancy’s financial assets carried at fair value:

	2022			
	Level 1	Level 2	Level 3	Total
Types of investments:				
Equity securities	\$ 10,659,721	\$ -	\$ -	\$ 10,659,721
Bond mutual funds	7,065,531	-	-	7,065,531
Unit investment trusts	88,059	-	-	88,059
 Total investment securities	 \$ 17,813,311	 \$ -	 \$ -	 \$ 17,813,311
	2021			
	Level 1	Level 2	Level 3	Total
Types of investments:				
Equity securities	\$ 12,600,371	\$ -	\$ -	\$ 12,600,371
Bond mutual funds	7,348,348	-	-	7,348,348
Unit investment trusts	101,391	-	-	101,391
 Total investment securities	 \$ 20,050,110	 \$ -	 \$ -	 \$ 20,050,110

SIERRA FOOTHILL CONSERVANCY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 12 – BOARD DESIGNATED NET ASSETS

Board designated net assets are net assets without donor restrictions in which the Board of the Conservancy has designated for specific purposes. Board designated net assets consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
Black Mountain Ridge	\$ 190,000	\$ 190,000
Franklin Property	140,000	140,000
Morrison Property	156,601	156,601
Reed Property	8,775	8,701
Martin Fund	8,400	-
June Gill IRA	188,012	-
Knoblock	<u>58,210</u>	<u>-</u>
 Total board designated net assets	 <u>\$ 749,998</u>	 <u>\$ 495,302</u>

NOTE 13 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
Conserved Land:		
Tivy Mountain Preserve:		
Tivy Mountain Preserve	\$ 164,000	\$ 164,000
DeLeon Property	100,000	100,000
Carter Property	59,000	59,000
Beach Property	<u>135,000</u>	<u>135,000</u>
Total Tivy Mountain Preserve	<u>458,000</u>	<u>458,000</u>
Black Mountain Miller Preserve:		
Miller Preserve	142,000	142,000
Ferrell Property	364,000	364,000
Kneeland/Shows Property	<u>1,130,000</u>	<u>1,130,000</u>
Total Black Mountain Miller Preserve	<u>1,636,000</u>	<u>1,636,000</u>
Other Preserves:		
Table Mountain Preserve	592,000	592,000
Fine Gold Creek	2,793,260	2,793,260
Haslett Basin Property	70,000	70,000
Feliciana Mountain Preserve	110,000	110,000
Bean Creek	203,000	203,000
Martin Preserve	785,380	785,380
Mastin Preserve	1,624,704	1,624,704
Stookey Preserve	<u>710,820</u>	<u>-</u>
Total other preserves	<u>6,889,164</u>	<u>6,178,344</u>

See Independent Auditor's Report.

SIERRA FOOTHILL CONSERVANCY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 13 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

	<u>2022</u>	<u>2021</u>
Endowment funds:		
Kennedy Table Endowment	241,989	279,721
Fine Gold Endowment	238,807	276,939
Feliciana Mountain Endowment	245,987	288,480
Campos Endowment	747,041	858,908
Lower Jamison Endowment	3,439,260	3,984,798
Upper Jamison Endowment	2,679,473	3,080,713
Tivy E. Endowment	175,876	202,213
Tivy W. Endowment	175,876	202,213
McKenzie/MQ2 Endowment	137,442	158,024
North Shore Endowment	2,031,800	2,297,176
Fenston Ranch Endowment	2,550,972	2,932,970
Tesoro Viejo Endowment	1,963,935	2,258,026
Total endowment funds	<u>14,628,458</u>	<u>16,820,181</u>
Other funds:		
McKenzie Trust	1,016,842	1,200,431
Conservation Easement Monitoring Fund	484,371	542,277
Conservation Easement Defense Fund	356,858	404,864
Stewardship Council Fund	674,474	791,658
Campos Fund	26,625	33,883
Martin Interim Fund	305,822	326,324
Lower Jamison Interim	-	19,135
Upper Jamison Interim	97,961	157,973
Tivy E. Interim	78,066	88,497
Tivy W. Interim	80,235	90,666
Bohna Interim Fund	10,427	13,398
Bohna Long Term Fund	223,133	256,547
Stewardship Funds - Mastin Preserve	22,025	22,025
Fenston Ranch Interim Fund	220,126	279,087
Tesoro Viejo Interim Fund	193,617	224,130
Hornitos Ranch Stewardship Fund	100,268	115,283
Dorrance Bean Creek Restoration Grant	-	72,986
Dorrance Bean Creek Wildlife Habitat Enhancement	69,400	210,000
June Gill Trust	291,777	-
Stookey Preserve Long Term Fund	428,055	-
Total other funds	<u>4,680,082</u>	<u>4,849,164</u>
Total net assets with donor restrictions	<u>\$ 28,291,704</u>	<u>\$ 29,941,689</u>

**SIERRA FOOTHILL CONSERVANCY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 13 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets with donor restrictions classified between time and purpose restrictions were as follows at June 30:

	<u>2022</u>	<u>2021</u>
Time restrictions:		
Mitigation receivable	\$ 430,000	\$ 430,000
Total time restrictions	<u>430,000</u>	<u>430,000</u>
Program restrictions:		
Stewardship	2,241,664	2,129,397
Conservation easement monitoring	1,720,383	2,031,917
Conservation easement defense	356,858	404,864
Restoration	69,400	282,986
Other	291,777	-
Total program restrictions	<u>4,680,082</u>	<u>4,849,164</u>
Endowments:		
Endowments funds and assets to be held in perpetuity	19,902,328	19,191,508
Endowments income and appreciation	3,279,294	5,471,017
Total endowments	<u>23,181,622</u>	<u>24,662,525</u>
 Total net assets with donor restrictions	 <u>\$ 28,291,704</u>	 <u>\$ 29,941,689</u>

Interpretation of Relevant Law

The Board of Directors of the Conservancy has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) to require classification, as Endowment Net Assets (a component of net assets with donor restrictions), 1) the fair value of a gift of net assets with donor restrictions in which principal is to be maintained in perpetuity, 2) the original value of any subsequent such gifts, and 3) any non-spendable accumulations on such gifts.

SIERRA FOOTHILL CONSERVANCY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 13 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Endowment Net Assets

Endowment Net Assets by Composition consisted of the following at June 30, 2022:

	Without Donor Restrictions	With donor restrictions		Total	Total All Funds
		Original Gift	Accumulated Gains (Losses)		
Board-designated funds	\$ -	\$ -	\$ -	\$ -	\$ -
Donor-restricted funds:					
Underwater	-	-	-	-	-
Other funds	-	19,902,328	3,279,294	23,181,622	23,181,622
Total endowment funds, June 30, 2022	<u>\$ -</u>	<u>\$ 19,902,328</u>	<u>\$ 3,279,294</u>	<u>\$ 23,181,622</u>	<u>\$ 23,181,622</u>

Endowment Net Assets by Composition consisted of the following at June 30, 2021:

	Without Donor Restrictions	With donor restrictions		Total	Total All Funds
		Original Gift	Accumulated Gains (Losses)		
Board-designated funds	\$ -	\$ -	\$ -	\$ -	\$ -
Donor-restricted funds:					
Underwater	-	-	-	-	-
Other funds	-	19,191,508	5,471,017	24,662,525	24,662,525
Total endowment funds, June 30, 2021	<u>\$ -</u>	<u>\$ 19,191,508</u>	<u>\$ 5,471,017</u>	<u>\$ 24,662,525</u>	<u>\$ 24,662,525</u>

Changes in endowment net asset funds consisted of the following:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Endowment net assets, June 30, 2020	\$ -	\$ 20,971,674	\$ 20,971,674
Total investment return, net	-	3,291,536	3,291,536
Contributions and others	-	430,000	430,000
Appropriation of endowment assets for expenditure	-	(30,685)	(30,685)
Endowment net assets, June 30, 2021	-	24,662,525	24,662,525
Total investment return, net	-	(2,143,678)	(2,143,678)
Contributions and others	-	710,820	710,820
Appropriation of endowment assets for expenditure	-	(48,045)	(48,045)
Endowment net assets, June 30, 2022	<u>\$ -</u>	<u>\$ 23,181,622</u>	<u>\$ 23,181,622</u>

See Independent Auditor's Report.

**SIERRA FOOTHILL CONSERVANCY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 14 – EMPLOYEE RETIREMENT PLAN

The Conservancy maintains a Savings Incentive Match Plan (5305-SIMPLE) covering eligible employees who meet certain minimum service requirements. The Conservancy provides a matching contribution equal to the employee's salary reduction contributions up to a percentage limit of the employee's annual compensation for the year. This percentage is determined by the Board of Directors annually. The current matching percentage is 6%. Contributions totaling \$44,569 and \$40,651 for the years ended June 30, 2022 and 2021, respectively, were made by the Conservancy, in addition to elective deferrals made by employees.

NOTE 15 – REVENUES FROM CONTRACTS WITH CUSTOMERS

Revenues from contracts with customers comprises of charges for services on various of the Conservancy's programs, including fee for services, grazing fees, rental income and beef sales. The total revenue earned from contracts with customers are as follows for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Grazing fees	\$ 80,193	\$ 77,081
Fees for services	355,210	330,006
Rental income	11,900	11,800
Beef sales	<u>52,479</u>	<u>77,649</u>
Revenue from contracts with customers	<u>\$ 499,782</u>	<u>\$ 496,536</u>

Revenues from contract with customers are all recognized at a point in time.

NOTE 16 – CONTRIBUTED NONFINANCIAL ASSETS

Contributed nonfinancial assets recognized within the statement of activities included the following at June 30:

	<u>2022</u>	<u>2021</u>
Land	\$ 710,820	\$ -
Property and equipment	189,180	-
Professional services	<u>11,395</u>	<u>-</u>
Total nonfinancial assets	<u>\$ 911,395</u>	<u>\$ -</u>

NOTE 17 – SUBSEQUENT EVENTS

Management has evaluated and concluded that there are no subsequent events that have occurred from June 30, 2022 through the date the consolidated financial statements were available to be issued on January 19, 2023 that would require disclosure or adjustment.

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SUPPLEMENTARY INFORMATION

SIERRA FOOTHILL CONSERVANCY
CONSOLIDATING SCHEDULE, STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

	<u>Sierra Foothill Conservancy</u>	<u>Sierra Lands Beef</u>	<u>Eliminating Entries</u>	<u>Consolidated Balance</u>
ASSETS				
Cash and cash equivalents	\$ 2,290,832	\$ 58,837	\$ -	\$ 2,349,669
Investments	17,813,311	-	-	17,813,311
Grants and other receivables	1,163,110	-	(65,557)	1,097,553
Prepaid expenses and other assets	24,165	-	-	24,165
Inventories	-	15,600	-	15,600
Property and equipment, net	603,055	12,148	-	615,203
Conserved land	9,599,416	-	-	9,599,416
	<u>\$ 31,493,889</u>	<u>\$ 86,585</u>	<u>\$ (65,557)</u>	<u>\$ 31,514,917</u>
LIABILITIES AND NET ASSETS				
Liabilities:				
Accounts payable	\$ 28,976	\$ 8,074	\$ -	\$ 37,050
Accrued expenses	99,168	-	-	99,168
Deferred revenue	68,645	-	-	68,645
Agency and trust fund	102,100	-	-	102,100
Note payable	-	65,557	(65,557)	-
	<u>298,889</u>	<u>73,631</u>	<u>(65,557)</u>	<u>306,963</u>
Net assets:				
Net assets without donor restrictions	2,903,296	12,954	-	2,916,250
Net assets with donor restrictions	28,291,704	-	-	28,291,704
	<u>31,195,000</u>	<u>12,954</u>	<u>-</u>	<u>31,207,954</u>
	<u>\$ 31,493,889</u>	<u>\$ 86,585</u>	<u>\$ (65,557)</u>	<u>\$ 31,514,917</u>

See Independent Auditor's Report.

**SIERRA FOOTHILL CONSERVANCY
CONSOLIDATING SCHEDULE, STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Sierra Foothill Conservancy</u>	<u>Sierra Lands Beef</u>	<u>Eliminating Entries</u>	<u>Consolidated Balance</u>
Revenues, gains and support:				
Grant income	\$ 710,065	\$ -	\$ -	\$ 710,065
Investment income, net	(2,678,178)	-	(4,231)	(2,682,409)
Contributions				
Cash and other financial assets	2,864,309	-	-	2,864,309
Nonfinancial assets	911,395	-	-	911,395
Grazing fees	18,989	61,204	-	80,193
Fees for services	355,210	-	-	355,210
Miscellaneous income	346	-	-	346
Rental income	11,900	-	-	11,900
Beef sales	-	52,479	-	52,479
Forgiveness of debt income	<u>173,184</u>	<u>-</u>	<u>-</u>	<u>173,184</u>
Total revenues, gains and support	2,367,220	113,683	(4,231)	2,476,672
Total costs and expenses	<u>3,359,838</u>	<u>80,566</u>	<u>(4,231)</u>	<u>3,436,173</u>
Changes in net assets	(992,618)	33,117	-	(959,501)
Net assets (deficit), beginning of year	<u>32,187,618</u>	<u>(20,163)</u>	<u>-</u>	<u>32,167,455</u>
Net assets, end of year	<u>\$ 31,195,000</u>	<u>\$ 12,954</u>	<u>\$ -</u>	<u>\$ 31,207,954</u>

See Independent Auditor's Report.

**SIERRA FOOTHILL CONSERVANCY
CONSOLIDATING SCHEDULE, STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022**

	Sierra Foothill Conservancy	Sierra Lands Beef	Eliminating Entries	Total
Personnel costs:				
Salaries and wages	\$ 857,864	\$ -	\$ -	\$ 857,864
Employee benefits	97,342	-	-	97,342
Payroll taxes	67,676	-	-	67,676
Total personnel costs	1,022,882	-	-	1,022,882
Other costs and expenses:				
Advertising and promotion	-	601	-	601
Auto expense	12,893	3,156	-	16,049
Bank and finance charges	5,407	988	-	6,395
Community education	12,843	-	-	12,843
Conference expenses	3,737	-	-	3,737
Conservation easement	1,310,050	-	-	1,310,050
Contracted services	630,717	16,375	-	647,092
Cost of cattle sold	-	34,203	-	34,203
Dues and subscriptions	12,767	-	-	12,767
Feed supplements	-	994	-	994
Grazing fees	-	16,639	-	16,639
Insurance	56,575	646	-	57,221
Interest expense	1,750	4,231	(4,231)	1,750
Licenses and permits	12,119	-	-	12,119
Member events	4,364	-	-	4,364
Miscellaneous	1,801	175	-	1,976
Office expense	11,089	464	-	11,553
Postage and delivery	3,014	113	-	3,127
Printing and copying	20,625	-	-	20,625
Professional fees	56,014	263	-	56,277
Property taxes	4,509	-	-	4,509
Rent and related	20,160	-	-	20,160
Repairs and maintenance	11,726	620	-	12,346
Taxes and licenses	-	800	-	800
Travel	11,392	298	-	11,690
Utilities	32,282	-	-	32,282
Total other costs and expenses	2,235,834	80,566	(4,231)	2,312,169
Subtotal	3,258,716	80,566	(4,231)	3,335,051
Depreciation	101,122	-	-	101,122
Total costs and expenses	\$ 3,359,838	\$ 80,566	\$ (4,231)	\$ 3,436,173

See Independent Auditor's Report.

**SIERRA FOOTHILL CONSERVANCY
CONSOLIDATING SCHEDULE, STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022**

	Sierra Foothill Conservancy	Sierra Lands Beef	Eliminating Entries	Consolidated Balance
Cash flows from operating activities:				
Changes in net assets	\$ (992,618)	\$ 33,117	\$ -	\$ (959,501)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Depreciation	101,122	-	-	101,122
Unrealized investment gains	3,069,849	-	-	3,069,849
Donated land	(710,820)	-	-	(710,820)
Donated buildings	(189,180)	-	-	(189,180)
Forgiveness of debt	(173,132)	-	-	(173,132)
Change in operating assets and liabilities:				
Grants and other receivable	(375,361)	-	-	(375,361)
Prepaid expenses and other assets	(11,422)	-	-	(11,422)
Inventories	-	(3,600)	-	(3,600)
Accounts payable	(2,578)	(20,819)	-	(23,397)
Accrued expenses	(1,932)	-	-	(1,932)
Agency and trust fund and deferred revenue	(49,086)	-	-	(49,086)
Net cash provided by (used in) operating activities	664,842	8,698	-	673,540
Cash flows from investing activities:				
Purchase of property, equipment and breeding cattle	(22,819)	-	-	(22,819)
Proceeds from sale of investment securities	43,139	-	-	43,139
Purchase of investment securities	(876,189)	-	-	(876,189)
Net cash provided by (used in) investing activities	(855,869)	-	-	(855,869)
Cash flows from financing activities:				
Proceeds from issuance of note payable	-	-	-	-
Net cash provided by (used in) financing activities	-	-	-	-
Net increase (decrease) in cash and cash equivalents	(191,027)	8,698	-	(182,329)
Cash and cash equivalents, beginning of year	2,481,859	50,139	-	2,531,998
Cash and cash equivalents, end of year	\$ 2,290,832	\$ 58,837	\$ -	\$ 2,349,669
Supplemental disclosures of cash flow information:				
Taxes paid	\$ 800	\$ 800	\$ -	\$ 1,600
Interest paid	\$ 1,750	\$ 4,231	\$ -	\$ 5,981

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