

Sierra Service Project

Sacramento, California

Financial Statements and Independent Auditors' Report

For the Year Ended September 30, 2022

*With Summarized Comparative Financial Information
For the Year Ended September 30, 2021*



**Sierra Service Project
For the Year Ended September 30, 2022**

With Summarized Comparative Financial Information for the Year Ended September 30, 2021

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INDEPENDENT AUDITORS' REPORT



To the Board of Directors
of Sierra Service Project
Sacramento, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Sierra Service Project (a California nonprofit organization) (the "Organization"), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2022, and the changes in its net assets, its functional expenses, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Board of Directors
of Sierra Service Project
Sacramento, California
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In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

The financial statements of the Organization as of and for the year ended September 30, 2021 were audited by other auditors, whose report, dated February 17, 2022 expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented with the financial statements herein as of and for the year ended September 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Sacramento, California
May 11, 2023

FINANCIAL STATEMENTS

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Sierra Service Project
Statement of Financial Position
September 30, 2022

With Comparative Financial Information as of September 30, 2021

ASSETS	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 179,919	\$ 320,807
Contributions receivable	242,976	58,656
Accounts receivable	5,130	215
Inventory	8,467	13,912
Prepaid expenses, net	6,125	9,009
Property and equipment, net	-	837
Beneficial interest in assets held by community foundation	68,864	88,901
Total assets	<u>\$ 511,481</u>	<u>\$ 492,337</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 100,512	\$ 7,546
Accrued expenses and other liabilities	31,664	26,049
Deferred revenue	41,047	93,829
Refundable advance	-	11,815
Rental deposits payable	1,000	1,000
Total liabilities	<u>174,223</u>	<u>140,239</u>
Net assets:		
Without donor restrictions	155,515	150,942
With donor restrictions	181,743	201,156
Total net assets	<u>337,258</u>	<u>352,098</u>
Total liabilities and net assets	<u>\$ 511,481</u>	<u>\$ 492,337</u>

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

Sierra Service Project
Statement of Activities
For the Year Ended September 30, 2022

With Summarized Comparative Financial Information for the Year Ended September 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2022 Total</u>	<u>2021 Total</u>
Revenues:				
Support and other revenue:				
Contributions	\$ 452,608	\$ 144,845	\$ 597,453	\$ 503,404
Participant fees, net	300,727	-	300,727	14,855
Other revenues	18,731	-	18,731	25,095
Change in beneficial interest, net	(17,027)	-	(17,027)	18,858
Total support and other revenue	<u>755,039</u>	<u>144,845</u>	<u>899,884</u>	<u>562,212</u>
Net assets released from restrictions	<u>164,258</u>	<u>(164,258)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>919,297</u>	<u>(19,413)</u>	<u>899,884</u>	<u>562,212</u>
Expenses:				
Program services:				
Common program	142,904	-	142,904	67,104
Year-round program	58,410	-	58,410	66,613
Summer program	386,743	-	386,743	184,813
Del Paso Heights Growers' Alliance	65,300	-	65,300	-
Total program services	<u>653,357</u>	<u>-</u>	<u>653,357</u>	<u>318,530</u>
Supporting services:				
Management and general	171,583	-	171,583	174,814
Development	89,784	-	89,784	101,534
Total supporting services	<u>261,367</u>	<u>-</u>	<u>261,367</u>	<u>276,348</u>
Total expenses	<u>914,724</u>	<u>-</u>	<u>914,724</u>	<u>594,878</u>
Changes in net assets from operations	<u>4,573</u>	<u>(19,413)</u>	<u>(14,840)</u>	<u>(32,666)</u>
Gain on disposal of fixed assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>290</u>
Changes in net assets	<u>4,573</u>	<u>(19,413)</u>	<u>(14,840)</u>	<u>(32,376)</u>
Net assets:				
Beginning of year	<u>150,942</u>	<u>201,156</u>	<u>352,098</u>	<u>384,474</u>
End of year	<u>\$ 155,515</u>	<u>\$ 181,743</u>	<u>\$ 337,258</u>	<u>\$ 352,098</u>

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

Sierra Service Project
Statement of Functional Expenses
For the Year Ended September 30, 2022

With Summarized Comparative Financial Information for the Year Ended September 30, 2021

	Program Services				Support Services			2022 Total	2021 Total
	Common Program	Year-round Program	Summer Program	DPH Growers' Alliance	Management and General	Fundraising			
Expenses:									
Salaries & wages	\$ 25,381	\$ 18,336	\$ 184,227	\$ 3,069	\$ 87,221	\$ 64,071	\$ 382,305	\$ 371,228	
Employee benefits	3,222	1,091	14,719	398	11,309	8,307	39,046	32,558	
Payroll taxes	1,830	1,681	16,249	243	6,918	5,082	32,003	41,335	
Workers' compensation	970	701	7,040	117	3,332	2,448	14,608	14,397	
Payroll processing fees	-	-	-	-	4,197	-	4,197	5,367	
Subtotal personnel	31,403	21,809	222,235	3,827	112,977	79,908	472,159	464,885	
Building materials & tools	3,017	15,189	34,889	1,076	480	-	54,651	25,578	
Credit card processing fees	2,158	68	-	20	-	4,314	6,560	4,695	
Depreciation	837	-	-	-	-	-	837	7,907	
Facility & equipment rentals	1,006	-	28,478	800	-	-	30,284	1,640	
Food & kitchen supplies	4,713	45	43,523	-	95	-	48,376	407	
Insurance	10,952	-	5,130	-	3,688	-	19,770	6,918	
Office expenses	24,520	78	528	1,658	7,302	4,758	38,844	27,008	
Professional services	-	-	-	3,750	17,653	-	21,403	4,964	
Program honorariums	1,750	13,300	900	46,950	-	-	62,900	5,275	
Program supplies	-	-	4,831	6,238	-	-	11,069	797	
Rent & utilities	12,209	-	-	-	9,237	-	21,446	19,279	
Site start-up	167	-	1,622	-	-	-	1,789	5	
T-shirts & merchandise	9,629	2,064	5,604	615	327	729	18,968	7,342	
Telephone & communication	-	-	201	-	7,402	-	7,603	8,705	
Transportation & vehicles	20,995	1,139	32,907	20	822	-	55,883	5,668	
Travel	19,548	4,718	5,895	346	11,600	75	42,182	3,805	
Total expenses	\$ 142,904	\$ 58,410	\$ 386,743	\$ 65,300	\$ 171,583	\$ 89,784	\$ 914,724	\$ 594,878	

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

Sierra Service Project
Statement of Cash Flows
For the Year Ended September 30, 2022
With Comparative Financial Information for the Year Ended September 30, 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (14,840)	\$ (32,376)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	837	7,907
Change in value of beneficial interest in assets held by community foundation	17,027	(18,858)
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Contributions receivable	(184,320)	(47,006)
Accounts receivable	(4,915)	1,151
Inventory	5,445	(5,034)
Prepaid expenses	2,884	2,231
Distributions from beneficial interest in assets held by community foundation	3,010	2,850
Increase (decrease) in liabilities:		
Accounts payable	92,966	(6,339)
Accrued expenses	5,615	(13,843)
Deferred revenue	(52,782)	(4,766)
Refundable advance	(11,815)	(21,750)
Total adjustments	(126,048)	(103,457)
Net cash provided by (used in) operating activities	(140,888)	(135,833)
Net increase (decrease) in cash and cash equivalents	(140,888)	(135,833)
Cash and cash equivalents:		
Beginning of year	320,807	456,640
End of year	\$ 179,919	\$ 320,807

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

NOTES TO THE FINANCIAL STATEMENTS

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Sierra Service Project
Notes to the Financial Statements
For the Year Ended September 30, 2022

With Summarized Comparative Financial Information for the Year Ended September 30, 2021

Note 1 – Nature of Operations

Sierra Service Project (“SSP” or “Organization”), Sacramento, California, is a not-for-profit organization incorporated in 1979 under the General Non-profit Corporation Law of the State of California. SSP’s purpose is to build strong connections and resilience among communities by equipping volunteers in home repair skills and community-based projects. Making necessary home repairs accessible to historically underserved residents allows communities to thrive and individuals to safely age in place. Inherent in the purpose is the specific involvement of youth and young adult volunteers. SSP’s mission is to: “Build faith and strengthen communities through service to others.” The Organization’s revenue and support consist primarily of program participant fees and contributions from donors.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) where revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Basis of Presentation

The financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Accounting Standards Update (FASB ASU) 2016-14 *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*. Under FASB ASU 2016-14, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets without Donor Restrictions:* Net assets for use in general operations and not subject to donor (or certain grantor) restrictions. From time-to-time, the Board of Directors may earmark net assets from this category.
- *Net Assets with Donor Restrictions:* Net assets subject to donor (or certain grantor) imposed restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor or grantor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

All contributions are considered available for general use, unless specifically restricted by donor or subject to other legal restrictions.

Sierra Service Project
Notes to the Financial Statements (Continued)
For the Year Ended September 30, 2022

With Summarized Comparative Financial Information for the Year Ended September 30, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

The Organization considers all financial instruments purchased with an original maturity of three months or less to be cash equivalents.

Contributions Receivable

Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Contributions receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. Based on historical experience, an assessment of economic conditions, and a review of subsequent collections, management expects all such contributions to be collectible. Accordingly, an allowance for uncollectible contributions has not been established as of September 30, 2022 and 2021.

Accounts Receivable

Accounts receivable consist primarily of noninterest bearing amounts due for performance of the Organization's program services. Based on historical payment trends and current economic conditions, management considers all such amounts to be currently collectible.

Inventory

Inventories consist of building materials to be used in the Organization's programs during the subsequent fiscal year as well as items for sale in the Organization's on-line store. All inventory amounts are stated at the lower of cost or net realizable value, with cost determined by the first-in, first-out method.

Property and Equipment

Property and equipment are carried at cost, if purchased, or at estimated fair value on the date contributed, if donated, less accumulated depreciation. The Organization's policy is to provide for depreciation using the straight-line method over the estimated useful life of each type of asset ranging from 5 to 30 years.

If donors stipulate the period of time during which the assets must be used, the contributions are recorded as support with donor restrictions, and released as restrictions expire. In the absence of such stipulations, contributions of property and equipment and gifts of cash restricted for the acquisition of property and equipment, are recorded as support without donor restrictions when the assets are placed in service. For the years ended September 30, 2022 and 2021, the Organization received no donated property and equipment.

Maintenance and repairs are charged to expense when incurred. Additions and major renewals are capitalized. When assets are retired or otherwise disposed of the cost or donated value and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in other revenues (expenses) for the period.

Refundable Advances

Revenues received in advance (nonexchange transactions) that are not recognized because the allowable costs as defined by the individual grant or contract have not been incurred, the unit of service has not been provided, and/or the conditions of release have not been substantially met or explicitly waived are considered refundable advances. As of September 30, 2022 and 2021, \$0- and \$11,815, respectively, had been received in advance under such arrangements.

Sierra Service Project
Notes to the Financial Statements (Continued)
For the Year Ended September 30, 2022

With Summarized Comparative Financial Information for the Year Ended September 30, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

Revenue and Revenue Recognition

The Organization recognizes revenue from service-learning programs during the year in which the related services are provided to students. The performance obligation of delivering service-learning activities is simultaneously received and consumed by the participants; therefore, the revenue is recognized ratably over the course of the program period (primarily in the summer months). All amounts received prior to the commencement of the service-learning activities, including participant deposits, are deferred to the applicable period. Scholarships provided to students are recorded as a reduction from the posted program rates at the time revenue is recognized.

Contributions are recognized 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 substantially met.

A portion of the Organization's revenue is derived from cost-reimbursable federal, state, local, and foundation contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as contribution revenue when expenditures have been incurred in compliance with specific contract or grant provisions.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been detailed in the statement of functional expenses and are summarized on a functional basis in the statement of activities. Program and supporting services are charged with their direct expenses. Certain categories of expenses are attributed to both program and supporting services. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses allocated include personnel and occupancy costs, among other expenses; which are allocated on the basis of estimates of time and effort, square footage basis, as well as other methods as determined from time-to-time by management.

Income Tax Status

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and related California code sections. The Organization is considered a public charity and has been classified as an Organization that is not a private foundation under IRC Section 170(b)(1)(a)(vi).

Management has processes presently in place to ensure maintenance of the Organization's tax-exempt statuses; to identify and report unrelated business income; to determine the filing and tax obligations for which the Organization has nexus; and to identify and evaluate other matters that may be considered tax positions. Management has evaluated the tax positions and related income tax contingencies and do not believe that any material uncertain tax positions exist that require recognition or disclosure in the financial statements.

Use of Estimates

In preparing financial statements in conformity with U.S. GAAP, management is required to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could vary from those estimates under different assumptions or conditions.

Sierra Service Project
Notes to the Financial Statements (Continued)
For the Year Ended September 30, 2022

With Summarized Comparative Financial Information for the Year Ended September 30, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash and equivalents with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with contributions receivable is considered to be limited due to high historical collection rates and because substantial portions are due from government agencies and foundations supportive of the mission.

Upcoming Financial Accounting Standards Implementation

In February 2016, the FASB issued Accounting Standards Update No. 2016-02, *Leases*. The new standard requires all leases with an initial term greater than one year to be recorded on the balance sheet as a lease asset and a lease liability. The standard is required to be adopted for fiscal years beginning after December 15, 2021, with early adoption permitted. The Organization is currently evaluating the impact of the new standard to the financial statements.

Note 3 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2022	2021
Cash	\$ 179,919	\$ 320,807
Contributions receivable	242,976	58,656
Accounts receivable	5,130	215
Distributions from beneficial interest in assets held by others	3,130	3,010
Financial assets available	431,155	382,688
Net assets with purpose restrictions	(112,879)	(112,255)
Financial assets available to meet cash needs for general expenditures within one year	\$ 318,276	\$ 270,433

Note 4 – Contributions Receivable

Contributions receivable are estimated to be collected as follows as of September 30, 2022 and 2021:

	2022	2021
Within one year	\$ 242,976	\$ 58,656
Total contributions receivable, net	\$ 242,976	\$ 58,656

Sierra Service Project
Notes to the Financial Statements (Continued)
For the Year Ended September 30, 2022

With Summarized Comparative Financial Information for the Year Ended September 30, 2021

Note 5 – Property and Equipment

Property and equipment consisted of the following as of September 30, 2022 and 2021:

	2022	2021
Trailers	\$ 35,683	\$ 35,683
Vehicles	58,232	58,232
Leasehold improvements	35,624	35,624
Office furniture	5,678	5,678
Total capital assets	135,217	135,217
Less: accumulated depreciation	(135,217)	(134,380)
Total capital assets, net of depreciation	\$ -	\$ 837

Note 6 – Beneficial Interest in Assets of Community Foundation

The Organization has transferred assets to the Sacramento Region Community Foundation (Foundation) to establish an endowment fund. The agreement states that the transfer is irrevocable and that the assets will not be returned to the Organization. However, the Foundation will make distributions of income earned on the endowment fund to the Organization, subject to the Foundation’s spending policy. The Organization has granted the Foundation variance power which allows the Foundation, at its sole discretion and subject to certain conditions, to modify any condition or restriction on the distribution of funds. Distributions totaling \$3,010 and \$2,850 were received during the years ended September 30, 2022 and 2021, respectively. The Organization has recorded a beneficial interest in assets held by the Foundation of \$68,864 and \$88,901 as of September 30, 2022 and 2021, respectively.

Note 7 – Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following as of September 30, 2022 and 2021:

	2022	2021
Scholarships	\$ 55,456	\$ 68,553
Del Paso Heights Growers' Alliance	46,559	-
North Sacramento Program	10,864	11,322
Building material and staffing	-	32,380
Perpetual in nature, earnings from which are subject to a spending policy and appropriation	68,864	88,901
Total net assets with donor restrictions	\$ 181,743	\$ 201,156

Sierra Service Project
Notes to the Financial Statements (Continued)
For the Year Ended September 30, 2022

With Summarized Comparative Financial Information for the Year Ended September 30, 2021

Note 7 – Net Assets with Donor Restrictions (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors as follows for the years ended September 30, 2022 and 2021:

	2022	2021
Satisfaction of program restrictions:		
Scholarships	\$ 29,405	\$ 16,848
Del Paso Heights Growers' Alliance	73,388	-
North Sacramento Program	37,958	867
Building material and staffing	23,507	8,803
Young Clergy Initiative	-	8,298
Total	\$ 164,258	\$ 34,816

Note 8 – Fair Value Measurements

The Organization follows the FASB Accounting Standards Codification No. 820, *Fair Value Measurement*, which establishes a fair value hierarchy that prioritizes the inputs to valuation techniques to measure fair value. This hierarchy consists of three broad levels:

- Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets, which have the highest priority.
- Level 2 inputs consist of significant other observable inputs other than quoted prices for identical assets.
- Level 3 inputs, which have the lowest priority, use primarily unobserved inputs. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments.

When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Fair values of assets measured on a recurring basis as of September 30, 2022 and 2021 are as follows:

September 30, 2022	Total	Level 1	Level 2	Level 3
Beneficial interest in assets held by community foundation	\$ 68,864	\$ -	\$ -	\$ 68,864
Total assets carried at fair value	\$ 68,864	\$ -	\$ -	\$ 68,864
September 30, 2021	Total	Level 1	Level 2	Level 3
Beneficial interest in assets held by community foundation	\$ 88,901	\$ -	\$ -	\$ 88,901
Total assets carried at fair value	\$ 88,901	\$ -	\$ -	\$ 88,901

Sierra Service Project
Notes to the Financial Statements (Continued)
For the Year Ended September 30, 2022

With Summarized Comparative Financial Information for the Year Ended September 30, 2021

Note 8 – Fair Value Measurements (Continued)

The beneficial interest in assets held by the community foundation is valued using Level 3 measurements, as the Organization’s interest is not redeemable in the near term. The following is a reconciliation of the Organization’s investments measured using significant unobservable measurements (Level 3) for the years ended September 30, 2022 and 2021:

	2022	2021
Balance, beginning of year	\$ 88,901	\$ 72,893
Investment return, net	(17,027)	18,858
Distributions	(3,010)	(2,850)
Balance, end of year	\$ 68,864	\$ 88,901

Note 9 – Pension Plan

The Organization sponsors a defined contribution 403(b) pension plan covering all full-time employees after one year of employment. For the year ended September 30, 2022, annual employer contributions were equal to 5% of each eligible employee’s gross earnings and totaled \$14,120. For the year ended September 30, 2021, annual employer contributions were equal to 3% of each eligible employee’s gross earnings and totaled \$9,168.

Note 10 – Commitments and Contingencies

The Organization leases office facilities under a partially cancellable operating lease agreement which expires in February 2027. The Organization also leases storage space under a non-cancellable operating lease, which expires in November 2026. The scheduled minimum lease payments, net of sublease income, under the lease terms are as follows for the years ending September 30:

2023	\$ 19,035
2024	19,935
2025	20,835
2026	21,735
2027	5,825
Total	\$ 87,365

Rent expense, net of sublease income, for the above operating lease and other month to month arrangements for the years ended September 30, 2022 and 2021 was \$17,475 and \$17,360, respectively.

In addition, the Organization has been awarded certain grants and contracts and are subject to financial and compliance requirements of the grantors or their representatives. The amount, if any, of expenses which may be disallowed by the granting agencies cannot be determined at this time although management does not expect such amounts, if any, to materially affect the financial statements.

Sierra Service Project
Notes to the Financial Statements (Continued)
For the Year Ended September 30, 2022

With Summarized Comparative Financial Information for the Year Ended September 30, 2021

Note 11 – Concentrations

Approximately 86% of contributions receivable were due from three funding sources as of September 30, 2022.

Approximately 85% of contributions receivable were due from one funding source as of September 30, 2021.

Note 12 – Donated Facilities and Services

The Organization receives donated facility space for use in the Summer Program. The value of donated facilities is determined by fair market value rates for the periods utilized. The amounts recognized in the statement of activities as donations includes donated program facilities that totaled \$16,293 and \$-0- for the years ended September 30, 2022 and 2021, respectively. Donated facilities are included with facility and equipment rentals on the statement of functional expenses.

The Organization also receives donated services from a variety of unpaid volunteers assisting in leadership, committees, fundraising activities, and program services. The value of this donated time is not reflected in the accompanying financial statements since it does not meet the criteria for recognition as a contribution.

Note 13 - Subsequent Events

The Organization has evaluated subsequent events through May 11, 2023, the date the financial statements are available to be issued, and is not aware of any other subsequent events which would require recognition or disclosure in the financial statements.