



**Financial Statements
As of September 30, 2024
and for the Year Then Ended
Together with Independent Auditors' Report**



668 E 12225 S #104
Draper, UT 84020
Phone: 801-750-0605
Fax: 801-326-4730

Independent Auditors' Report

To the Board of Directors
Sierra Service Project
Sacramento, CA

Opinion

We have audited the accompanying financial statements of Sierra Service Project, (a nonprofit organization), which comprise the statement of financial position as of September 30, 2024, the related statement of activities and change in net assets, and cash flows for the year then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sierra Service Project as of September 30, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Sierra Service Project's ability to continue as a going concern within one year after the date that the 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 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement 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 Sierra Service Project'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 Sierra Service Project'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.

Mellor and Associates

Mellor and Associates, PLLC
Draper, UT
December 31, 2024

Sierra Service Project
Statement of Financial Position
As of September 30,

<u>Assets</u>	<u>2024</u>
Current assets:	
Cash and cash equivalents	\$ 144,480
Restricted cash	27,552
Accounts receivable	2,541
Contributions receivable	124,877
Inventory	3,761
Prepaid expenses	7,884
Total current assets	<u>311,095</u>
Property and equipment, net	46,143
Right-of-use assets	91,752
Endowment fund	<u>26,368</u>
Total assets	<u>\$ 475,358</u>
 <u>Liabilities and Net Assets</u>	
Liabilities:	
Accounts payable	\$ 64,979
Accrued liabilities	45,555
Current portion of operating lease liability	<u>38,177</u>
Total current liabilities	148,711
Long-term liabilities:	
Deferred revenue	7,853
Deposits payable	1,000
Long-term portion of operating lease liability	<u>55,428</u>
Total liabilities	<u>212,992</u>
Net assets:	
Without donor restrictions	180,376
With donor restrictions	<u>81,990</u>
Total net assets	<u>262,366</u>
Total liabilities and net assets	<u>\$ 475,358</u>

See notes to financial statements and independent auditors' report.

Sierra Service Project
Statement of Activities and Change in Net Assets
For the Year Ended September 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Contributions	\$ 361,458	\$ 622,220	\$ 983,678
Participant fees, net of scholarships	367,087	-	367,087
Other income	31,145	-	31,145
In-Kind donations	17,668	-	17,668
	<u>777,358</u>	<u>622,220</u>	<u>1,399,578</u>
Net assets released from restrictions			
Restrictions satisfied	<u>662,111</u>	<u>(662,111)</u>	<u>-</u>
Total revenues and support	<u>1,439,469</u>	<u>(39,891)</u>	<u>1,399,578</u>
Expenses:			
Program Services			
Common Program	118,543	-	118,543
Workforce Development Program	486,001	-	486,001
Summer Program	344,251	-	344,251
Sacramento Program	74,704	-	74,704
Total program services	<u>1,023,499</u>	<u>-</u>	<u>1,023,499</u>
Supporting services:			
Management and general	237,418	-	237,418
Fundraising	91,878	-	91,878
Total supporting services	<u>329,296</u>	<u>-</u>	<u>329,296</u>
Total expenses	<u>1,352,795</u>	<u>-</u>	<u>1,352,795</u>
Increase (decrease) in net assets	<u>86,674</u>	<u>(39,891)</u>	<u>46,783</u>
Net assets, beginning of the year	<u>93,702</u>	<u>121,881</u>	<u>215,583</u>
Net assets, end of the year	<u><u>\$ 180,376</u></u>	<u><u>\$ 81,990</u></u>	<u><u>\$ 262,366</u></u>

See notes to financial statements and independent auditors' report.

Sierra Service Project
Statement of Functional Expenses
For the Year Ended September 30, 2024

	Program Services				Support Services		
	Common Program	Workforce Development Program	Summer Program	Sacramento Program	Management and General	Fundraising	Total Expenses
Functional expenses:							
Salaries and wages	\$ 11,220	\$ 320,541	\$ 183,039	\$ 34,987	\$ 113,500	\$ 63,074	\$ 726,361
Employee Benefits	3,984	43,545	15,519	1,878	14,151	7,898	86,975
Payroll taxes	676	24,068	14,454	2,547	9,085	5,072	55,902
Workers's compensation	758	21,656	12,366	2,364	7,668	4,261	49,073
Payroll processing fees	-	-	-	-	5,973	-	5,973
Total personnel costs	16,638	409,810	225,378	41,776	150,377	80,305	924,284
Building materials & tools	283	15,898	33,911	20,103	-	-	70,195
Office expenses	22,711	19,979	398	500	13,136	6,505	63,229
Food & kitchen supplies	3,228	10,704	31,961	1,127	721	266	48,007
Transportation & vehicles	26,237	1,232	18,014	493	264	184	46,424
Lease Expense	12,851	-	-	-	29,152	-	42,003
Professional Services	1,976	1,930	-	-	25,523	-	29,429
Travel	5,998	9,746	3,146	1,525	8,362	183	28,960
Facility & equipment rentals	2,320	-	23,708	-	-	-	26,028
T-shirts & Merchandise	741	7,667	5,511	1,014	-	762	15,695
Depreciation	13,184	-	-	-	-	-	13,184
Site start-up & equipment	-	164	1,922	7,562	-	-	9,648
Credit card processing fees	4,789	-	-	54	-	3,673	8,516
Insurance	6,601	-	-	-	723	-	7,324
Telephone & communication	-	375	157	-	6,234	-	6,766
Program Supplies	6	5,774	145	-	-	-	5,925
Rent & utilities	830	-	-	-	2,851	-	3,681
Program Honorariums	150	2,722	-	550	75	-	3,497
Total expenses included in the expense section on the statement of activities and change in net assets	\$ 118,543	\$ 486,001	\$ 344,251	\$ 74,704	\$ 237,418	\$ 91,878	\$ 1,352,795

See notes to financial statements and independent auditors' report.

Sierra Service Project
Statement of Cash Flows
Year Ended September 30,

	<u>2024</u>
Cash flows from operating activities:	
Increase in net assets	\$ 46,783
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	13,184
Decrease (increase) in:	
Accounts receivable	(1,396)
Pledges receivable	(35,959)
Inventory	2,246
Prepaid expenses	(3,263)
Right-of-use assets	37,305
Endowment fund	47,664
Increase (decrease) in:	
Accounts payable	2,382
Accrued liabilities	(16,500)
Deferred revenue	(624)
Operating lease liability	<u>(35,452)</u>
Net cash used by operating activities	<u>56,370</u>
Net change in cash	<u>56,370</u>
Cash and cash equivalents at beginning of the year	<u>115,662</u>
Cash and cash equivalents at end of the year	<u><u>\$ 172,032</u></u>

See notes to financial statements and independent auditors' report.

Sierra Service Project

Notes to Financial Statements

Note 1 - Organization and Summary of Significant Accounting Policies

Organization - Sierra Service Project (the Organization) is a non-profit corporation organized in the State of California in 1979. The purpose of the Organization 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. The Organization's mission is to build faith and strengthen communities through service to others. The Organization's revenue consists primarily of donor contributions and program participant fees.

Cash Equivalents - The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash equivalents. Cash and highly liquid financial instruments restricted to building projects, permanent endowment, or other long-term purposes are excluded from this definition.

Receivables - Receivables, primarily consisting of participant fees and contributions, are carried at their estimated collectible amounts. As of September 30, 2024 the Organization had \$2,541 and \$124,877 in accounts receivable and contributions receivable, respectively. The Organization has allocated \$0 in allowance for doubtful accounts.

Property and Equipment - Property and equipment purchased by the Organization over \$5,000 are capitalized at cost. The fair value of donated furniture and equipment is similarly capitalized. Depreciation expense is computed on the straight-line basis over the estimated useful lives of the assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the statement of activities for the period. Expenditures for maintenance and repairs are charged to expense as incurred.

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

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 Organization. These net assets may be used at the discretion of the Organization's management and Board of Directors.

Net Assets With Donor Restrictions – Net assets subject to restrictions imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where the donor stipulates the funds be maintained in perpetuity. As of September 30, 2024, the Organization had \$81,990 of net assets with donor restrictions, respectively.

The Organization reports contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated restriction ends or purpose restriction is accomplished, 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.

Sierra Service Project

Notes to Financial Statements

**Note 1 -
Organization
and Summary of
Significant
Accounting
Policies
(continued)**

Revenue and Revenue Recognition - Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Donated Services - Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

Functional Allocation of Expenses - The financial statements contain certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are included salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

Income Taxes - The Organization is organized as a California nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifying for the charitable contribution deduction under Section 170(b)(1)(A)(vi), and has been determined not to be a private foundation under Section 509(a)(1). The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Organization has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The Organization believes they have appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Advertising: Advertising costs are expensed as they are incurred, for the years ending September 30, 2024, the Organization incurred \$3,567 of advertising costs, respectively.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Sierra Service Project

Notes to Financial Statements

Note 2- Liquidity and Availability

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

	September 30, 2024
Cash and cash equivalents	\$ 172,032
Receivables	127,418
Less: Donor restricted cash and cash equivalents	(55,622)
	<u>\$ 243,828</u>

The Organization primarily relies on donations and secondarily on other revenue sources to fund its operations. The Organization's management monitors its liquidity and cash flow needs through the use of a budget and projections to help ensure that cash inflows are sufficient to cover projected cash outflows. The accompanying statement of cash flows identifies the sources and uses of the Organization's cash and the positive cash flows generated from operating activities during the years ended September 30, 2024.

Note 3 - Fair Value Measurements

The Organization follows a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The Organization uses the following valuation techniques to measure fair value for its assets and liabilities:

- Level 1 - The fair value of marketable securities is based on quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Significant other observable inputs (e.g. quoted prices for similar items in active markets, quoted prices for identical or similar items in markets that are not active, inputs other than quoted prices that are observable such as interest rate and yield curves, and market-corroborated inputs);
- Level 3 - Unobservable inputs for the asset or liability, which are valued based on management's estimates of assumptions that market participants would use in pricing the asset or liability.

The following table provides financial assets carried at fair value as of September 30, 2024:

As of September 30, 2024:

	Level 1	Level 2	Levels 3	Total
Diversified investments	\$ -	\$ 26,368	\$ -	\$ 26,368
Total investments	<u>\$ -</u>	<u>\$ 26,368</u>	<u>\$ -</u>	<u>\$ 26,368</u>

Diversified investments are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions, and are classified within Level 2.

Sierra Service Project
Notes to Financial Statements

Note 3 - Fair Value Measurements (Continued) Activity of the investments consisted of the following during the year ended september 30, 2024:

	2024
Balance, beginning of	\$ 74,032
Investment return, net	2,594
Distributions	(50,000)
Support fees	(258)
Balance, end of year	<u>\$ 26,368</u>

Note 4- Property and equipment Property and equipment consisted of the following as of September 30:

	2024
Leasehold improvements	\$ 35,624
Furniture and fixtures	5,678
Trucks and trailers	82,484
Computer software	51,775
Less: Accumulated depreciation	(129,418)
Property and equipment, net	<u>\$ 46,143</u>

Depreciation expense for the year ended September 30, 2024 was \$13,184.

Note 5- Accrued liabilities Accrued liabilities consisted of the following as of September 30,

	2024
Accrued payroll liabilities	\$ 20,069
Accrued vacation	25,486
Total accrued liabilities	<u>\$ 45,555</u>

Note 6 - Related party transactions During the year ended September 30, 2024, members of the Organization's Board of Directors collectively contributed \$27,222 in monetary donations to the Organization, respectively. Additionally, one of the members of the board received \$1,812 in compensation for trainings provided as part of the Organization's Workforce Development Program.

Sierra Service Project

Notes to Financial Statements

Note 7 - Leases The Organization leases office facilities at various terms under long-term non-cancelable operating lease agreements. The leases expire at various dates through 2027. Total operating lease costs for the year ended September 30, 2024 were \$40,150. The following summarizes the weighted-average remaining lease term and weighted-average discount rate for the year ended September 30, 2024:

Weighted-average remaining lease term: 2.34
Operating leases

Weighted-average discount rate: 4.16%
Operating leases

The future minimum lease payments under noncancelable operating leases with terms greater than one year are listed below as of September 30, 2024:

<u>Year Ending September</u>	<u>Operating</u>
2025	\$ 41,350
2026	42,550
2027	14,550
Total lease payments	98,450
Less: imputed interest	<u>(4,845)</u>
Present value of lease liabilities	<u>\$ 93,605</u>

Note 8 - Net Assets with Donor Restrictions Net assets with donor restrictions consisted of the following as of September 30, 2024:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Releases</u>	<u>Ending Balance</u>
Scholarships	\$ 45,461	\$ 1,420	\$ (37,496)	\$ 9,385
Summer Program	22,500	30,580	(53,080)	-
Sacramento Program	-	32,462	(13,777)	18,685
Workforce Development Program	-	557,758	(557,758)	-
Endowment fund	<u>53,920</u>	<u>-</u>	<u>-</u>	<u>53,920</u>
Total net assests with donor restrictions	<u>\$ 121,881</u>	<u>\$ 622,220</u>	<u>\$ (662,111)</u>	<u>\$ 81,990</u>

Sierra Service Project

Notes to Financial Statements

Note 9 - Endowment The Organization's endowment consists of donor-restricted funds, established to support the Organization's mission in perpetuity. The endowment includes both the original gift amounts restricted by the donor, totaling \$53,920, and unappropriated earnings on those funds. In accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as enacted in the state of California, the Organization classifies the original value of gifts donated to the permanent endowment as net assets with donor restrictions.

To meet liquidity needs arising from timing delays associated with reimbursement-based grants, management has strategically allocated the endowment funds across the Organization's investment account and money market accounts. This allocation facilitated access to a line of credit, leveraging funds held in the money market accounts as collateral. Management has consistently monitored and ensured that the original donor-restricted amount of \$53,920 is preserved and maintained, irrespective of the allocation between accounts.

Investment returns on the endowment are allocated to unappropriated earnings and reported as increases in net assets without donor restrictions unless otherwise stipulated by the donor or subject to appropriation by the Organization in accordance with its spending policy.

Management evaluates the composition of the endowment regularly to ensure compliance with donor restrictions and state laws. The Organization's policy is to manage its endowment in a manner that maintains the purchasing power of the original gift while prudently addressing operational liquidity needs.

Note 10 - Long-Term Debt Due to reimbursement-based grants, the Organization needed additional liquidity. On April 25, 2024, Sierra Service project entered into an agreement for a drawdown line of credit with a limit of \$150,000, to be used in relation to their Workforce Development Program. As of September 30, 2024, Sierra Service Project had a balance of \$0 on this line of credit and no other outstanding long-term debt.

Note 11 - Contributed Nonfinancial Assets Contributed nonfinancial assets recognized within the accompanying financial statements included \$17,688 of donated facilities related to the summer program for the year ended September 30, 2024.

Note 12 - Subsequent Events The Organization has evaluated subsequent events through the date the accompanying financial statements were available to be issued. The Organization is not aware of any subsequent event which would require recognition or disclosure in the financial statements.