

**BOARD OF REGENTS  
BRIEFING PAPER**

**1. AGENDA ITEM TITLE: Sierra Nevada University Transfer to University of Nevada, Reno**

**MEETING DATE:** July 23, 2021

**2. BACKGROUND & POLICY CONTEXT OF ISSUE:**

Members of the Board of Trustees of Sierra Nevada University (SNU) have approached the University of Nevada, Reno regarding the potential for a complete transfer of assets and operations to the University and the University of Nevada, Reno Foundation (UNR Foundation), with the SNU real property assets to be transferred to the UNR Foundation and the other SNU assets and operations being transferred to UNR. The SNU Trustees determined a transfer to UNR would be the most appropriate path for protecting the SNU students. Formal approval of this request by the SNU 501(c)(3) (non-profit) corporation board (subject to Board of Regents approval) occurred on June 29, 2021. This was the first step in a careful process of gradually and strategically absorbing the SNU programs and operations into UNR in a way that minimizes the impact on students, faculty/staff, donors, and community stakeholders. This item is now being brought forward to the Board of Regents to request approval of a Memorandum of Agreement (Exhibit A), as clarified by counsel for Sierra Nevada University, to pursue this gradual transition of SNU programs and academic operations to UNR as well as the gift of existing SNU endowments and real property to the UNR Foundation. Please note at the time of this agenda item submission, approval by the UNR Foundation was pending at its meeting scheduled for July 19, 2021.

The attached Memorandum of Agreement outlines the underlying objectives and assumptions of each of the three entities involved (SNU, UNR, and the UNR Foundation) and provides a high-level roadmap for the gradual transfer. It should be noted that any final transfer is also conditioned on the approval of the Northwest Commission on Colleges and Universities as well as the United States Department of Education. Both entities have been informally engaged in this discussion and have provided input in developing a transition process that protects the academic paths of all SNU students; however, it is likely final approval by those entities will take several months. UNR will also, simultaneously, notify and seek approval of the Nevada Commission on Postsecondary Education.

As background, SNU is Nevada's only accredited, private four-year undergraduate institution. SNU opened its doors in 1969 and currently offers 30 undergraduate majors and concentrations organized in five departments: Business, Fine Arts, Humanities & Social Sciences, Science & Technology and Interdisciplinary Studies as well as master's degree programs in education and fine arts for creative writing and interdisciplinary art. The main campus includes approximately 20 acres/168,588 sf facilities and is located in Incline Village, Nevada. SNU facilities include residence halls, a library, an arts/media center, dining facilities, parking, and a research building. SNU also has satellite locations in leased facilities in Reno and Henderson. Undergraduate education occurs primarily in an on-campus residential model at the main campus with graduate education at all three locations. (Please see Exhibit B.) These facilities are not part of the requested Board action. Separately, an operating lease between UNR and the Foundation is anticipated to be brought forward for Board approval in the future.

Sierra Nevada University is currently accredited by the Northwest Commission on Colleges and Universities (NWCCU) and is in good standing. Current anticipated enrollments for academic year 2021-22 are approximately 200 undergraduate students and approximately 325 graduate students.

The institution also houses the Tahoe Center for Environmental Sciences (TCES), which is a partnership between SNU and UC Davis and has been a research site for both the Desert Research Institute and UNR.

The University of Nevada, Reno has completed its initial financial due diligence regarding the transfer of the SNU programs and operations, including a review of the FY 20 audited financials (Exhibit C) and analysis of subsequent material events. Similar to most higher education institutions, SNU was financially impacted by the pandemic; however, the University of Nevada, Reno has concluded that sufficient unrestricted and liquid resources exist to assimilate this SNU campus into UNR, meeting current financial obligations of the SNU corporation, and without creating an unfunded operating liability for UNR. (See Exhibit D.) In support of the intention to effect a seamless transition, it is anticipated that the SNU 501(c)(3) corporation will continue its existence through a transition period and will wind-down activity as faculty and staff, as well as operational/back office functions, are transitioned to UNR. Once the transition is complete, the Incline Village, Lake Tahoe campus will be fully integrated as a branch campus of UNR and the site of a variety of teaching, research and outreach functions. An operating lease between UNR and the UNR Foundation is being developed and will be brought forward for Regents review and approval at a future meeting. No State general fund support is anticipated beyond future formula funding as may be appropriate as UNR academic and research activities expand. UNR officers may, at some point, become directors and officers of the SNU 501(c)(3) corporation, as part of the transition plan.

University of Nevada, Reno Provost Jeff Thompson and representatives of SNU have begun mapping an academic plan that will address teach-out and articulation processes. This process ensures that all SNU students will have a pathway to degree completion. Subject to NWCCU and US Department of Education approval, that plan is expected to be completed this fall.

As the University of Nevada, Reno embarks on its five year strategic planning process, the timing is opportune to incorporate this new location in support of our mission, and do so through the shared governance process and other campus engagement discussions which will include faculty, staff, and students as well as donors and community stakeholders. As that occurs, the over-riding vision for this Lake Tahoe campus, one that is shared by both the outgoing SNU Trustees and the leadership team at UNR, will remain constant: maintaining a higher education presence in the Incline Village community and simultaneously providing a new avenue for current UNR students and faculty to expand their studies and research in the Lake Tahoe Basin.

The assimilation of a full private institution into a public university is a complex process with numerous steps. Today's approval would represent both the crucial next step and the beginning of an orderly transition that will ultimately enhance current and future student experiences and research opportunities available to the UNR community.

### **3. SPECIFIC ACTIONS BEING RECOMMENDED OR REQUESTED:**

University of Nevada, Reno President Brian Sandoval requests Board of Regents approval of the following actions related to the transfer of Sierra Nevada University to the University of Nevada, Reno:

- 1) Approval of the Memorandum of Agreement with Sierra Nevada University (as clarified by counsel for Sierra Nevada University), the University of Nevada, Reno Foundation, and the Board of Regents, acting on behalf of the University of Nevada, Reno regarding the acquisition of the Sierra Nevada University and the transfer in question, subject to the points identified in subsection 2 below; and
- 2) Approve and direct President Sandoval to proceed with the subject transfer, subject to future Board approvals as required by Board of Regents policies and procedures, and in consultation with the Chancellor's office, including i) the Board of Regents'

direction that any employees of the University of Nevada, Reno who become members of the governing board for Sierra Nevada University, as part of the acquisition in question are acting in the course and scope of their employment with the University of Nevada Reno, ii) requesting timely provisional authorizations and approval from all applicable regulatory bodies, including, without limitation, from the Northwest Commission on Colleges and Universities, and final approval from the U.S. Department of Education, for the transfer of Sierra Nevada University programs and academic operations to the University of Nevada, Reno, and iii) notifying and seeking all required approvals from the Nevada Commission on Postsecondary Education.

**4. IMPETUS (WHY NOW?):**

- Approval by the Board of Regents is the next critical step in the process to transfer the programs and academic operations to UNR, and meets the deadline requirements put in place by the SNU Trustees to ensure adequate transition time  
-Approval today will enable UNR to proceed with securing US Department of Education and Northwest Commission on Colleges and Universities approval in an expeditious manner, providing certainty for SNU students in continuing their academic pathways.

**5. CHECK THE NSHE STRATEGIC PLAN GOAL THAT IS SUPPORTED BY THIS REQUEST:**

- Access (Increase participation in post-secondary education)**
- Success (Increase student success)**
- Close the Achievement Gap (Close the achievement gap among underserved student populations)**
- Workforce (Collaboratively address the challenges of the workforce and industry education needs of Nevada)**
- Research (Co-develop solutions to the critical issues facing 21<sup>st</sup> century Nevada and raise the overall research profile)**
- Not Applicable to NSHE Strategic Plan Goals**

**INDICATE HOW THE PROPOSAL SUPPORTS THE SPECIFIC STRATEGIC PLAN GOAL**

Transition of the Sierra Nevada University campus and operation into the University of Nevada, Reno will contribute to NSHE’s strategic goals. Notably, it will enhance student success by providing additional learning spaces and opportunities. It will enhance workforce development by providing a UNR presence in a new area, increasing collaborations with local employers. The new branch campus will facilitate advancement of the University’s research mission through the on-site Tahoe Center for Environmental Science. Finally, the branch campus will contribute toward closing achievement gaps by providing planned and coordinated options for all UNR students to expand their studies at this branch campus.

**6. BULLET POINTS TO SUPPORT REQUEST/RECOMMENDATION:**

- Acquisition of the SNU campus and operations, as described above, will provide significant enhancement to the University of Nevada, Reno’s regional operations, and provide a pathway for SNU students to complete their education.

**7. POTENTIAL ARGUMENTS AGAINST THE REQUEST/RECOMMENDATION:**

-None have been brought forward at this time.

**8. ALTERNATIVE(S) TO WHAT IS BEING REQUESTED/RECOMMENDED:**

-Decline the transfer.

**9. RECOMMENDATION FROM THE CHANCELLOR’S OFFICE:**

Chancellor Melody Rose recommends approval.

**10. COMPLIANCE WITH BOARD POLICY:**

Consistent With Current Board Policy: Title # \_\_\_\_\_ Chapter # \_\_\_\_\_ Section # \_\_\_\_\_

Amends Current Board Policy: Title # \_\_\_\_\_ Chapter # \_\_\_\_\_ Section # \_\_\_\_\_

Amends Current Procedures & Guidelines Manual: Chapter # \_\_\_\_\_ Section # \_\_\_\_\_

Other: \_\_\_\_\_

Fiscal Impact: Yes \_\_\_\_\_ No X

Explain: The acquisition of these assets and programmatic operations is not expected to create an unfunded liability or loss of revenue for the University of Nevada, Reno. The University of Nevada Reno has completed its initial financial due diligence regarding the transfer, including a review of the most recent audited financial statements and subsequent material events, and has concluded that more than adequate liquid and unrestricted resources exist to complete the transition process. This includes adequate reserve to settle any existing operating liabilities in the corporation. Once fully integrated into UNR, this branch campus and associated operations will benefit from the University’s economies of scale, additional revenue opportunities through expanded programming, and associated future State formula funding for student educational activities.

## Exhibit A

### Memorandum of Agreement

The parties to this Memorandum of Agreement (MOA) have entered discussions regarding the transfer of the Sierra Nevada University campus to the University of Nevada-Reno Foundation and the University of Nevada, Reno's assumption of the Sierra Nevada University educational operations, obligations, and liabilities. The parties have agreed in principle to the terms of the transfer and assumption set forth below. The parties recognize that the terms set forth in this MOA are subject to approval of both the Board of Regents of the Nevada System of Higher Education and the Board of Trustees of Sierra Nevada University (SNU Board). The parties also understand that the documents evidencing the transfer of the assets require specific deeds and assignments. The parties wish to memorialize the terms they have agreed upon which shall be presented to their respective governing boards for approval.

- A. This Memorandum of Agreement (MOA) dated this 14 day of June 2021, is entered into by and between Sierra Nevada College, a Nevada non-profit corporation dba "Sierra Nevada University", a 501(c)(3) tax exempt organization (SNU); the Board of Regents of the Nevada System of Higher Education (NSHE) on behalf of the University of Nevada, Reno (UNR); and the University of Nevada-Reno Foundation, a Nevada non-profit corporation, a 501(c)(3) tax exempt organization (UNR Foundation).
- B. This MOA outlines the terms and conditions of the transfer of assets from SNU to the UNR Foundation and UNR's assumption of SNU educational operations, obligations, and liabilities.
- C. UNR and SNU acknowledge that the provisions of this MOA are subject to review and approval by the Board of Regents of the Nevada System of Higher Education (Board of Regents Approval) and that the gift is subject to approval by the UNR Foundation.
- D. The parties also acknowledge the importance of total confidentiality of this MOA and the transactions contemplated by this MOA, until the parties mutually agree on any public release or announcement, and have executed a Non-disclosure Agreement, dated June 9, 2021.

In consideration of the foregoing and the obligations set forth below the parties agree to the following:

1. SNU shall transfer to the UNR Foundation, all transferrable SNU assets to include land and buildings, endowment accounts, and all other transferrable assets set forth on Schedule 1A attached to this MOA (Transferrable Assets). Transferrable Assets specifically exclude the assets set forth on Schedule 1B (Excluded Assets). The transfer of the Transferrable Assets is contingent upon the Board of Regents Approval of this MOA, which approval must be obtained no later than July 31, 2021. Upon Board of Regents Approval SNU shall record all deeds and shall provide the UNR Foundation with the assignments and other transfer documents effectuating the transfer of Transferrable Assets. The transfers contemplated in this provision are subject to the conditions precedent and covenants set forth below.
2. The transfer of the Tahoe Center for Environmental Sciences (TCES) Lease Agreement; Option to Purchase and Escrow Instructions; and Property Management Agreement, each dated April 20, 2012, by and between SNU and UC Davis (TCES Documents) are subject

to UC Davis' written consent to the assignment to the UNR Foundation. UNR and/or the UNR Foundation shall provide all tax certificates and opinions of counsel related to their tax-exempt status, as reasonably required by UC Davis to evaluate and approve the proposed assignments. UC Davis' consent on the TCES Documents shall not in any way hinder or delay the other transfers contemplated herein. The leasehold and option to purchase the TCES shall remain with SNU until such time as assigned to the UNR Foundation with UC Davis' consent.

3. In conjunction with the transfer contemplated in Paragraph 1 above, all members of the SNU Board and the SNU Officers shall resign upon the Board of Regents Approval and concurrently therewith appoint Brian Sandoval, Vic Redding, and Jeff Thompson to the SNU Board, who shall then appoint new SNU Officers. The resignations and appointments shall be effective July 30, 2021. It is anticipated that SNU shall continue as a Nevada non-profit corporation and operate at least until the end of the SNU Spring 2022 academic semester. After the Board of Regents Approval, the UNR Foundation, UNR and SNU shall be responsible for ensuring that retention or transfer of all other retained SNU assets comply with all applicable donor directions, restrictions, or requirements.
4. Additional conditions precedent and covenants for the proposed transfer shall include:
  - a. The UNR Foundation and UNR agree and commit that all land and buildings shall be used in perpetuity as the Incline Village, Lake Tahoe campus of the University of Nevada, Reno and shall be designated the Wayne Prim Campus. The primary purpose of the Wayne Prim Campus shall continue to be education and research activities and wherever possible, the Wayne Prim Campus shall continue to be made available for community activities to enhance the ties between the campus and the community.
  - b. In consultation and coordination with the SNU and UNR accrediting body:
    - i. SNU students in their final year of study shall receive a degree from either UNR or SNU upon satisfaction of all SNU academic requirements set forth by the SNU Board.
    - ii. For those academic programs offered only by SNU the graduating students shall receive their degrees from SNU.
    - iii. For those graduates in programs or majors offered by UNR and SNU these graduating students shall have the option of choosing their degree from either institution.
    - iv. All current and incoming SNU students will be offered enrollment in their present majors to existing programs and majors at UNR.
  - c. Those SNU degree programs not offered by UNR shall be incorporated into or adopted as UNR programs as expeditiously as possible.
5. UNR has been provided a copy of the 2020 audited financial statements and May 31, 2021, balance sheet.
6. The current grant, donation, deed, and zoning restrictions, covenants, and reversions on the real property transferred to the UNR Foundation pursuant to the transfer shall remain in full force and effect and continue and the UNR Foundation must agree to the same (including by way of example, the use restrictions and reversion contained in that certain Donation Agreement between SNU and The Wayne L. Prim Foundation for the Prim Library). The deeds conveying the real property from SNU to the UNR Foundation shall


include covenants running with the land that require that the real property (a) be used for UNR educational and research purposes, and Lake Tahoe community activity purposes; and (b) may not be sold, encumbered, pledged, mortgaged, or otherwise hypothecated. The deeds shall include language providing that any violation of the covenants or restrictions contained in the deeds shall result in automatic reversion of the real property to UC Davis for educational, research, and Lake Tahoe community activity purposes.

7. The UNR Foundation shall assume the restrictions and conditions on all SNU transferrable endowment accounts.
8. The public announcement disclosing the transfer shall be agreed upon in advance by all parties.
9. The existing naming rights related to SNU buildings, rooms, and scholarships shall be honored/continued by UNR and the UNR Foundation.
10. The chair of the SNU Board and UNR President must agree in principle to the terms of this MOA no later than June 29th.
11. SNU, UNR, and the UNR Foundation further agree to cooperate in preparing and agreeing to such additional definitive agreements and transfer documents as are reasonably necessary to effectuate the transaction contemplated by this MOA.

[Signature Page Follows]

Signature Page to Memorandum of Agreement

University of Nevada, Reno

By:   
Name: Brian Sandoval  
Its: President  
Dated: 30 June 2021

Sierra Nevada College, a Nevada non-profit corporation dba "Sierra Nevada University"

By:   
Name: Atam Lalchandani  
Its: Board Chair  
Dated: 29 June 2021

The forgoing transfers and conditions are accepted by the University of Nevada-Reno Foundation, a Nevada non-profit corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Dated: \_\_\_\_\_ 2021

NSHE Board of Regents

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: Chair  
Dated: \_\_\_\_\_ 2021



**Schedule 1A**  
**Transferrable Assets**

**Real Property**

1. 999 Tahoe Blvd., Incline Village, NV 89451; APN 127-040-04; 1.19 Acres
2. 291 Country Club Dr., Incline Village, NV 89451; APN 127-040-10; 17.050 Acres<sup>1</sup>
3. 1008 Tahoe Blvd., Incline Village, NV 89451; APN 130-050-11; 0.405 Acres

**Endowment Accounts** – Accounts managed by Parasol Community Foundation, Inc., a Nevada nonprofit corporation

1. Residence Hall Reserve Fund (value as of 4/30/2021, \$92,391.89)
2. Uncollateralized Fund (value as of 4/30/2021, \$1,335,191.06)
3. Miriam Prim Scholarship Endowment Fund (value as of 4/30/2021, \$1,522,303.62)<sup>2</sup>

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<sup>1</sup> The Prim Library is located on this parcel, and consent from The Wayne L. Prim Foundation is required to transfer.

<sup>2</sup> Consent from The Wayne L. Prim Foundation is required to assign.

**Schedule 1B**  
**Excluded Assets**

The following assets will not transfer initially to the UNR Foundation, and will be held by SNU until such time as the donor consents to the transfer to the UNR Foundation, or SNU can comply with any reversion, disposition or transfer requirement in the applicable donative instrument or obtain the release of any liens on the applicable asset(s).

1. That certain residence, located at 608 Caddie Court, Incline Village, NV 89451; Assessor's Parcel Number 131-012-13; and commonly referred to as the "Prim President's Home"; which will not transfer to the UNR Foundation, but instead revert to the Parasol Tahoe Community Foundation, designated for Tthe Wayne L. Prim Foundation Fund, pursuant to the terms of that certain Grant Agreement, dated April 13, 2016, and that certain Deed Restriction, recorded April 15, 2016, as Document No. 4580132 in the Washoe County, Nevada Recorder's Office.
2. The \$1,000,000.00 principal contributed to SNU and the earnings thereon, pursuant to that certain Restricted Endowment Fund Agreement for the Nancy Siebens Binz Endowment Fund, dated November 26, 2004, between SNU and Nancy Siebens Binz, and for use in paying expenses of the Siebens-Binz SNC Tahoe Forum. Value as of April 30, 2021 was \$1,312,779.33.
3. Charles Schwab Investment Account, which is collateralized for the line of credit with First Independent Bank of Nevada. Value as of May 31, 2021 was \$2,097,631.36.
4. Endowment funds with restrictions in the applicable donative instrument that cannot be assigned without donor consent.






# Memorandum of Agreement UNR-SNU - FINAL (6-29-2021)[1]

Final Audit Report

2021-06-29

Created:	2021-06-29
By:	Richard Rawson (rar@ballardrawson.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAAv8KFRqVBzwAB31C7qogkCcsMRWB3F0dw

## "Memorandum of Agreement UNR-SNU - FINAL (6-29-2021)[1]" History

-  Document created by Richard Rawson (rar@ballardrawson.com)  
2021-06-29 - 11:10:04 PM GMT- IP address: 24.205.201.166
-  Document emailed to atam lalchandani (atam.lalchandani@gmail.com) for signature  
2021-06-29 - 11:10:33 PM GMT
-  Email viewed by atam lalchandani (atam.lalchandani@gmail.com)  
2021-06-29 - 11:10:38 PM GMT- IP address: 24.196.246.210
-  Document e-signed by atam lalchandani (atam.lalchandani@gmail.com)  
Signature Date: 2021-06-29 - 11:11:56 PM GMT - Time Source: server- IP address: 24.196.246.210
-  Agreement completed.  
2021-06-29 - 11:11:56 PM GMT

Kris T. Ballard  
Richard A. Rawson  
E. Bruce Jorgensen

Blayne N. Grondel

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July 14, 2021

University of Nevada, Reno  
Office of the President  
Attn: Brian Sandoval, President  
1664 N. Virginia Street  
Reno, NV 89557  
Clark Administration Building

***Re: Delay in Consummating Transactions Contemplated by Memorandum of Agreement ("MOA"), dated June 14, 2021, between University of Nevada, Reno ("UNR"), and Sierra Nevada University ("SNU")***

Dear President Sandoval:

As you are aware, this firm serves as outside general counsel to SNU, and we have been assisting SNU with the transactions contemplated in the MOA. The SNU Board of Trustees (the "**SNU Board**") has approved the execution of the MOA by SNU and the delivery of the MOA to UNR. The Board's approval includes effecting the transfer of SNU assets to UNR and change in SNU trustees and officers as described in the MOA, subject to receipt of approval by the University of Nevada-Reno Foundation (the "**UNR Foundation**") and Board of Regents of the Nevada System of Higher Education ("**Board of Regents**").

Because the transfer of SNU assets and change in SNU trustees and officers is additionally subject to approval by the Northwest Commission on College and Universities ("**NWCCU**") and the U.S. Department of Education ("**DOE**"), we expect any approval by the Board of Regents to be conditional on subsequent approvals by NWCCU and DOE. SNU intends to pursue and obtain all required approvals and is supportive of a conditional approval by the Board of Regents, subject to necessary approvals by NWCCU and DOE.

In light of the additional approvals required by NWCCU and DOE, if approval is obtained by the UNR Foundation and Board of Regents, SNU, in coordination with UNR, will be continuing the consummation of the transactions described in the MOA until such time as these two additional approvals have been received.

We appreciate your assistance as well as your staff's assistance with navigating the required approvals and look forward to continuing to work with you to complete the transactions as contemplated by the MOA.

University of Nevada, Reno  
July 14, 2021  
Page 2

If you have any questions regarding the content of this letter, please direct them to the undersigned.

Very truly yours,

BALLARD RAWSON JORGENSEN

A handwritten signature in black ink, appearing to read "Richard A. Rawson". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Richard A. Rawson, Esq.

cc: Mary Dugan, UNR General Counsel  
Rick Trachok, SNU Outside Counsel

## Exhibit B



Campus: Approximately 20 acres located in Incline Village Lake Tahoe, Nevada with approximately 168,588 sf of building Improvements

1. David Hall: Financial Aid, Registrar, Student Accounts
2. Patterson Hall: Cafeteria and Dining Hall
3. Prim Library: Admissions Office, Presidents Office, Campus Store, Tutoring Center, & Galleries
4. Tahoe Center for Environmental Science: Greenhouse, Herbarium, Laboratories, Education & Research Centers
  - UC Davis and SNU occupy this building with 57% of the Building occupied by SNU under a Lease/Option to Purchase expiring 2027.
5. North Lake Tahoe Demonstration Garden
6. Holman Arts and Media Center: Art Studios & Garage Door Gallery
7. Campbell-Friedman Hall: Residence Hall with 26 rooms. All rooms are furnished with up to 3 beds, 3 wardrobe units and a desk with a chair.
8. Prim-Schultz Hall: Residence Hall with 62 Rooms. All rooms are furnished with up to 4 beds (2 bunk bed sets), 2 desks, 2 chairs, 2 dressers and 2 small drawer units.

Other properties off campus: SNU leases two office for Teacher Education Campuses. The first is 2,530 sf located at 4300 E. Sunset Road in Henderson Nevada, expires April of 2024. The second is approximately 2,000 sf located at 9480 Gateway Drive in Reno, Nevada, expires July of 2024.

Exhibit C



Financial Statements  
June 30, 2020

Sierra Nevada College d/b/a Sierra  
Nevada University

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Financial Statements

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Supplementary Information

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## Independent Auditor's Report

To the Board of Trustees  
Sierra Nevada College d/b/a Sierra Nevada University  
Incline Village, Nevada

### Report of the Financial Statements

We have audited the accompanying financial statements of Sierra Nevada College d/b/a Sierra Nevada University (the University), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the University as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Change in Accounting Principle**

As discussed in Note 1 and 21 to the financial statements, the University has adopted the provisions of Financial Accounting Standards Board Accounting Standards Update No. 2016-18, *Statement of Cash Flows* (Topic 230): *Restricted Cash*. Accordingly, the June 30, 2019 statement of cash flows has been restated to adopt this standard. Our opinion is not modified with respect to this matter.

## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information as presented in the table of contents is presented for the purposes of additional analysis and are not a required part of the basic consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic consolidated financial statements or to the basic consolidated 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 consolidated financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2020 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.



Boise, Idaho  
December 3, 2020

## Sierra Nevada College d/b/a Sierra Nevada University

## Statement of Financial Position

June 30, 2020

Assets	
Cash and cash equivalents	\$ 1,155,777
Tuition and other receivables, net	875,676
Contributions receivable, net	232,870
Inventories	55,622
Deferred expenses	590,966
Other assets	4,228
Restricted for long-term purposes	
Cash and cash equivalents	97,507
Property, buildings and equipment, net	27,733,143
Intangibles, net	1,895,340
Beneficial interest in assets held by community foundation	4,124,713
Investments	2,262,490
	<u>                    </u>
Total assets	<u>\$ 39,028,332</u>
Liabilities and Net Assets	
Liabilities	
Accounts payable	\$ 560,874
Accrued payroll and payroll-related liabilities	348,195
Accrued liabilities	96,521
Deferred revenue	798,740
Financing obligations	5,472,737
CARES Act Paycheck Protection Program Loan	1,522,134
	<u>                    </u>
Total liabilities	<u>8,799,201</u>
Net Assets	
Without donor restrictions	21,307,876
With donor restrictions	8,921,255
	<u>                    </u>
Total net assets	<u>30,229,131</u>
	<u>                    </u>
Total liabilities and net assets	<u>\$ 39,028,332</u>

Sierra Nevada College d/b/a Sierra Nevada University  
Statement of Activities  
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, Support, and Gains</b>			
Tuition and fees	\$ 15,514,570	\$ -	\$ 15,514,570
Tuition discounts	(5,730,134)	-	(5,730,134)
Net tuition and fees revenue	9,784,436	-	9,784,436
Governmental grants and contracts	-	347,688	347,688
Private gifts and grants	576,842	2,134,098	2,710,940
Auxiliary programs	1,609,741	-	1,609,741
Net investment return	(2,284)	75,993	73,709
Change in value of beneficial interest in assets held by community foundation	-	285,690	285,690
Other income	235,002	-	235,002
Net assets released from restriction pursuant to endowment spending-rate distribution	47,994	(47,994)	-
Net assets released from restriction pursuant Tahoe Forum endowment distribution	109,485	(109,485)	-
Net assets released from restrictions - other	1,985,498	(1,985,498)	-
Total revenue, support, and gains	14,346,714	700,492	15,047,206
<b>Expenses and Losses</b>			
Program services expense			
Educational activities	5,654,937	-	5,654,937
Auxiliaries	1,615,977	-	1,615,977
Student services	2,023,115	-	2,023,115
Athletics	877,795	-	877,795
Total program services expense	10,171,824	-	10,171,824
Supporting services expense			
Support activities	3,697,161	-	3,697,161
Fundraising activities	484,467	-	484,467
Total supporting services expense	4,181,628	-	4,181,628
Total expenses and losses	14,353,452	-	14,353,452
Change in Net Assets	(6,738)	700,492	693,754
Net Assets, Beginning of Year	21,314,614	8,220,763	29,535,377
Net Assets, End of Year	\$ 21,307,876	\$ 8,921,255	\$ 30,229,131

See Notes to Financial Statements

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Sierra Nevada College d/b/a Sierra Nevada University  
Statement of Functional Expenses  
Year Ended June 30, 2020

	Educational Activities	Auxiliaries	Student Services	Athletics	Total Program Services	Support Activities	Fundraising	Total Supporting Services	Total Functional Expense
Salaries and wages	\$ 4,045,539	\$ 184,794	\$ 1,033,949	\$ 300,394	\$ 5,564,676	\$ 1,314,930	\$ 198,100	\$ 1,513,030	\$ 7,077,706
Payroll taxes and benefits	577,232	17,792	182,924	60,959	838,907	333,583	30,568	364,151	1,203,058
Services and supplies	330,837	840,731	595,936	300,789	2,068,293	1,523,339	183,912	1,707,251	3,775,544
Occupancy and utilities	182,887	424,519	24,769	134,809	766,984	186,380	27,474	213,854	980,838
Depreciation and amortization	443,114	126,627	158,524	68,751	797,016	289,707	37,963	327,670	1,124,686
Interest	75,328	21,514	27,013	12,093	135,948	49,222	6,450	55,672	191,620
<b>Total</b>	<b><u>\$ 5,654,937</u></b>	<b><u>\$ 1,615,977</u></b>	<b><u>\$ 2,023,115</u></b>	<b><u>\$ 877,795</u></b>	<b><u>\$ 10,171,824</u></b>	<b><u>\$ 3,697,161</u></b>	<b><u>\$ 484,467</u></b>	<b><u>\$ 4,181,628</u></b>	<b><u>\$ 14,353,452</u></b>

## Sierra Nevada College d/b/a Sierra Nevada University

Statement of Cash Flows  
Year Ended June 30, 2020

Operating Activities	
Change in net assets	\$ 693,754
Adjustment to reconcile change in net assets to net cash flows from operating activities	
Depreciation and amortization	1,124,686
Net realized and unrealized (gain)/loss	2,505
Bad debt expense	169,148
Change in beneficial interest in assets held by community foundation	(285,690)
Forgiveness of related party debt	(250,000)
Non cash donation of equipment	(33,950)
Tuition and other receivables	(66,335)
Contributions receivable	(64,958)
Inventories	5,350
Deferred expenses	(58,869)
Other assets	105,425
Accounts payable	(603,296)
Accrued payroll and payroll-related liabilities	(97,095)
Accrued liabilities	(65,951)
Deferred revenue	192,022
Net Cash from Operating Activities	<u>766,746</u>
Investing Activities	
Purchase of property, buildings, equipment, and intangibles	(410,452)
Addition to beneficial interest in assets held by community foundation	(1,170,456)
Purchase of investments	(326,214)
Proceeds on sale of investments	39,046
Net Cash used for Investing Activities	<u>(1,868,076)</u>
Financing Activities	
Proceeds from line of credit	1,812,554
Payments on line of credit	(2,463,350)
Proceeds from CARES Act PPP Loan	1,519,600
Cash received from beneficial interest in assets held by community foundation	1,020,612
Payments on financing obligations	(767,599)
Net Cash from Financing Activities	<u>1,121,817</u>
Net Change in Cash and Cash Equivalents	20,487
Cash, Cash Equivalents, Restricted Cash and Cash Equivalents, Beginning of Year, As Restated	<u>1,232,797</u>
Cash, Cash Equivalents, Restricted Cash and Cash Equivalents, End of Year	<u>\$ 1,253,284</u>
Supplemental Disclosure of Cash Flow Information	
Interest paid	<u>\$ 189,087</u>
Equipment acquired under capital lease	<u>\$ 136,306</u>

See Notes to Financial Statements

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**Note 1 - Principal Activity and Summary of Significant Accounting Policies****Organization**

Sierra Nevada College d/b/a Sierra Nevada University (the University) is a not-for-profit corporation organized under Section 501(c)(3) of the Internal Revenue Code. The University provides undergraduate programs in education, humanities, business, science, and the arts in Incline Village, Nevada and provides masters in teaching and a post graduate teacher certification program in Incline Village, Reno and Las Vegas, Nevada. The majority of the University's revenue is derived from tuition and fees and private gifts and grants.

**Cash, Cash Equivalents, and Cash Restricted for Long-term Purposes**

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

Amounts restricted for the acquisition of property and equipment are limited in use by donor restrictions for long-term purposes or designated by the Board for capital reserves.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash and cash equivalents reported within the statement of financial position to the sum of the corresponding amounts within the statement of cash flows:

Cash and cash equivalents	\$ 1,155,777
Restricted for long-term purposes	
Cash and cash equivalents	<u>97,507</u>
	<u>\$ 1,253,284</u>

**Tuition and Other Receivables**

Tuition and other receivables consist primarily of student accounts receivable and are stated at the amount billed to the students less applied scholarships and loan proceeds. Revenues and expenses resulting from summer courses are allocated to fiscal years by course based on the number of class days that fall in each fiscal year. Tuition revenue received in advance is deferred revenue until earned. The University provides an allowance for doubtful accounts that is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Tuition is generally due at the beginning of the semester. Delinquent receivables are written off based on specific circumstances of the student.

**Contributions Receivable**

The University records contributions representing unconditional contributions expected to be collected within one year at net realizable value. Unconditional contributions 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 private gifts and grants revenue in the statements of activities. The University determines the allowance for uncollectible contributions receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contributions are written off when deemed uncollectible.

**Inventories**

Inventories are stated at the lower of cost, determined on a first in, first out basis, or net realizable value.

**Property, Buildings, and Equipment**

The University records property, building, and equipment additions over \$5,000 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 55 years, or in the case of capitalized leased assets, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Carrying values of property, buildings, and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2020.

**Intangibles**

Intangible assets with a finite life consist of website development costs and are carried at cost less accumulated amortization. The University amortizes the cost of identifiable intangible assets on a straight-line basis over the expected period of benefit, which is seven years for the website development costs. In addition, the University has an intangible asset, land coverage, which has an indefinite useful life and is carried at fair value on the date of the donation. Land coverage (existing and potential) is a commodity in the Lake Tahoe Basin and is one of a basket of development rights that can be bought, sold and transferred. Carrying values of intangibles are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2020.



**Beneficial Interest in Assets held by Community Foundation**

During fiscal year 2014, the University established the Sierra Nevada College Investment Fund (fund) via its transfer of a portion of its donor restricted monies and a portion of its permanently restricted endowment to the Parasol Tahoe Community Foundation (Parasol) and specified itself, the University, as beneficiary. The University granted Parasol variance power. Should the purposes for which the fund was created become obsolete, incapable of fulfillment or inconsistent with the charitable needs of the community, it is Parasol's Board of Directors' responsibility, after contacting and being advised by the University, to revise the charitable intent of remaining funds to use for a purpose as similar as possible to those set forth in the agreement. The fund is pooled with the monies of other investors under management of Parasol and is invested in accordance with the University's investment policy using Parasol's long-term horizon investment option. The fund is held and invested by Parasol and is reported at fair value in the statement of financial position, with distributions and changes in fair value recognized in the statements of activities.

**Investments**

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter investments are reported at their fair values in the statements of financial position. Investment return, is reported in the statements of activities and consists of interest and dividend income and realized and unrealized capital gains and losses. Investment management and custodial fees are charged to expenses.

**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 available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a capital reserve.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The University reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. When a donor 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 statement of activities as net assets released from restrictions. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Revenue Recognition**

Revenue is recognized when earned. Tuition and attendance related revenue and all other revenue, support, and gains received in advance are deferred to the applicable academic term or period in which the related services are performed, or expenditures are incurred. Contributions are recognized when cash, securities, unconditional contributions receivable, or other assets or forgiveness of liabilities are 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. The University's federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable expenses. Grant and contract amounts that have been received in advance are recorded as a deferred revenue until earned.

**Donated Services and In-kind Contributions**

Volunteers contribute significant amounts of time to the University's 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. Contributed goods are recorded at fair value at the date of donation. Donated professional services are recorded at the respective fair values of the services received. No significant contributions of such goods or services were received during the year ended June 30, 2020.

**Advertising Costs**

Advertising costs are expensed when incurred, and were \$176,045 for the year ended June 30, 2020.

**Functional Allocation of Expenses**

The costs of programs and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report 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 expenses that are allocated include salaries and wages, benefits, and payroll taxes which are allocated based on estimates of time and effort as well as occupancy, utilities, depreciation, amortization, interest, and some services and supplies, which are allocated based on the proportionate share of direct service costs benefiting each function.

**Income Tax Status**

The University is organized as a Nevada 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), qualifies for the charitable contribution deduction under Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be a private foundation under Section 509(a)(1) and (3), respectively. The University is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the University is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The University has determined that it is not subject to unrelated business income tax for the year ended June 30, 2020; and as such, has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS for these fiscal years.

The University believes that it has 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 University 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.

**Estimates**

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

**Credit Risk, Market Risk, and Financial Instruments**

The University manages deposit concentration risk by placing cash and money market saving accounts with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. As of June 30, 2020, the University had \$1,033,254, of uninsured deposits. To date the University has not experienced losses in any of these accounts.

The University provides credit in the normal course of business to its students and others and performs ongoing credit evaluations of these parties. It maintains allowance for doubtful accounts for those tuition receivables based on factors surrounding the credit risk of specific parties, historical trends, and other information. Credit risk associated with contributions receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members and foundations supportive of the University's mission.

The University invests in exchange traded funds and equity mutual funds. Such investments are exposed to various risks, such as fluctuations in market value, interest rate risk and credit risk. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management believes that the investment policies and guidelines are prudent for the long-term welfare of the University.

**Recent Accounting Pronouncements***Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*

As of July 1, 2019, the University adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2018-08 – *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08). This update clarifies and improves the scope and accounting guidance for contributions received and contributions made. The amendments in this update should assist entities in (1) evaluation whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The University accounting policies have been updated in the financial statements to reflect conformity with ASU 2018-08. The adoption of ASU 2018-08 has had no material effect on the change in net assets or net asset balances, by classification, as previously reported.

*Statement of Cash Flows (Topic 230) Restricted Cash*

As of July 1, 2019, the University adopted the provisions of Accounting Standards Update (ASU) 2016-18, *Statement of Cash Flows (Topic 230) Restricted Cash*. This update requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents, by including amounts generally described as restricted cash and restricted cash equivalents with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. Retrospective application of the amendment is required. The University has adopted this standard as management believes this presentation eliminates a diversity in practice in the presentation of restricted cash and restricted cash equivalents in the statement of cash flows.

**Subsequent Events**

The University has evaluated subsequent events through December 3, 2020, the date the financial statements were available to be issued.

**Note 2 - Significant Funding and Revenue Sources**

The Student Financial Aid Cluster is a significant source of tuition revenue. Approximately 25% of gross tuition revenue was funded through the Student Financial Aid Cluster during the year ended June 30, 2020.

**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:

Cash and cash equivalents	\$ 287,441
Tuition and other receivables, net	875,676
Contributions receivable, net	<u>4,276</u>
	<u>\$ 1,167,393</u>

The University has \$1,167,393 of financial assets available within one year of the balance sheet date as specified above. Amounts that are restricted by donor, which limit their use, or for long-term purposes have not been included above.

As more fully described in Note 9, the University has a line of credit in the amount of \$1,600,000, which could be drawn upon in the event of a liquidity need.

Endowment funds consist of donor-restricted endowments. Substantially all income from donor-restricted endowments are restricted for specific purposes with de minimis amounts available for general use.

**Note 4 - Tuition and Other Receivables**

Tuition and other receivables at June 30 consist of the following:

Tuition and fees receivable	\$ 3,531,754
Other receivables	<u>87,236</u>
	3,618,990
Less allowance for uncollectible amounts	<u>(2,743,314)</u>
	<u>\$ 875,676</u>

**Note 5 - Contributions Receivable**

Contributions receivable at June 30 consist of unconditional contributions receivable due in the following periods:

Less than one year	\$ 131,767
One to five years	<u>120,100</u>
Gross contributions receivable	251,867
Less unamortized discount	(6,405)
Less allowance for uncollectible promises to give	<u>(12,592)</u>
Net contributions receivable	<u><u>\$ 232,870</u></u>
Discount rate	<u><u>1.86%</u></u>

**Note 6 - Property, Buildings, Equipment, and Intangibles**

Property, buildings and equipment at June 30 consists of the following:

Land	\$ 2,002,639
Construction in progress	478,929
Buildings	36,498,958
Machinery and equipment	3,415,131
Furniture and fixtures	1,829,073
Library books and equipment	515,080
Artwork	<u>298,137</u>
	45,037,947
Less accumulated depreciation	<u>(17,304,804)</u>
Property, buildings and equipment, net	<u><u>\$ 27,733,143</u></u>

Depreciation expense totaled \$1,107,114 for the year ended June 30, 2020.

Intangibles at June 30 consist of the following:

Land coverage	\$ 1,868,900
Website development	<u>123,000</u>
	1,991,900
Less accumulated amortization	<u>(96,560)</u>
Intangibles, net	<u>\$ 1,895,340</u>

Amortization expense for the year ended June 30, 2020 was \$17,572. Estimated future amortization expense related to finite life intangibles (website development) is as follows:

<u>Years ending June 30,</u>	
2021	\$ 17,572
2022	<u>8,868</u>
	<u>\$ 26,440</u>

## Note 7 - Fair Value Measurements

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available.

A three-tier hierarchy categorizes the inputs as follows:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets that the University can access at the measurement date.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.
- Level 3 Unobservable inputs for the asset. In these situations, the University develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the University's assessment of the quality, risk or liquidity profile of the asset.

Equity mutual funds and exchange traded funds: valued with readily determinable fair values based on daily redemption values.

Beneficial interest in assets held by community foundation: valued based on the fair value of the underlying assets held by the community foundation as provided by the community foundation. The assets held by the community foundation include a diversified portfolio of investments.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The related fair values of these assets are determined as follows:

	June 30, 2020			
	Fair Value	Level 1	Level 2	Level 3
Equity mutual funds	\$ 173,152	\$ 173,152	\$ -	\$ -
Exchange traded funds				
Short-term bond	<u>2,089,338</u>	<u>2,089,338</u>	<u>-</u>	<u>-</u>
Total Investments	<u>2,262,490</u>	<u>2,262,490</u>	<u>-</u>	<u>-</u>
Beneficial interest in assets held by the community foundation	<u>4,124,713</u>	<u>-</u>	<u>-</u>	<u>4,124,713</u>
	<u>\$ 6,387,203</u>	<u>\$ 2,262,490</u>	<u>\$ -</u>	<u>\$ 4,124,713</u>

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable observable inputs (Level 3) for the year ended June 30, 2020:

Beneficial Interest, July 1, 2019	\$ 3,689,179
Contributions	1,170,456
Change in value of beneficial interest	285,690
Distributions	<u>(1,020,612)</u>
Beneficial Interest, June 30, 2020	<u>\$ 4,124,713</u>



**Note 8 - Investment Return**

Total investment return for the years ended June 30, 2020 is comprised of the following:

Interest and dividends income	\$ 76,214
Net realized and unrealized gain (loss)	<u>(2,505)</u>
	<u>\$ 73,709</u>

**Note 9 - Line of Credit**

The University has a revolving line of credit with a maximum borrowing of \$1,600,000 which expires February 20, 2021. Borrowings under the line bear interest at a variable rate of 2.20% + LIBOR (minimum rate of 4.70%), with interest payments due monthly. Accrued unpaid interest and principal are due at maturity. The line is secured by the long-term investments in the endowment. The outstanding balance, including accrued interest, of the line of credit was \$0 at June 30, 2020. The agreement requires the University to comply with certain financial and non-financial covenants.

**Note 10 - CARES Act Paycheck Protection Program Loan**

On April 16, 2020, the University qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender (the "PPP Lender"), for an aggregate principal amount of \$1,519,600 (the "PPP Loan"). The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first ten months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the University's request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the University. The University intends to apply for forgiveness of the PPP Loan with respect to these covered expenses by December 31, 2020.

To the extent that all or part of the PPP Loan is not forgiven, the University will be required to pay interest on the PPP Loan at a rate of 1.0% per annum. Principal and interest payments will be required through the maturity date in April 2022. The terms of the PPP Loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events.

**Note 11 - Financing Obligations**

Financing obligations consists of the following at June 30, 2020:

Regents of the University of California	\$ 5,273,607
Capital lease obligations - Note 12	<u>199,130</u>
	<u>\$ 5,472,737</u>

The terms and conditions of the Regents of the University of California obligation are set forth as follows:

*Regents of the University of California*

In April 2012, the University entered into an agreement under which the University's 57.6% share of the Tahoe Environmental Research Center was sold to the Regents of University of California, UC Davis for \$9,965,000 in proceeds and subsequently leased to the University pursuant to a 182-month agreement. Payments are due in fixed amounts beginning at \$41,667, increasing every month to a final fixed payment of \$78,913 at May 2027 and variable payments representing interest beginning at \$14,769, decreasing to \$2,527 at May 2027. In addition, an option to purchase agreement was signed granting the University the right to purchase the 57.6% share of the Tahoe Environment Research Center during the agreement term expiring June 30, 2028 for an amount equal to the unpaid balance plus \$10. As an option to repurchase the property has been granted to the University, the University is deemed to have continued involvement; therefore, the University accounts for the transaction under the finance method of accounting (this qualifies as a financing liability in accordance with AU-C 840-40).

Future maturities of financing obligations are as follows:

<u>Years ending June 30,</u>	<u>Amount</u>
2021	\$ 782,165
2022	760,252
2023	750,352
2024	754,677
2025	788,350
Thereafter	<u>1,636,941</u>
	<u>\$ 5,472,737</u>

Due to the impact of the COVID-19 pandemic, the University exercised its option subsequent to year end to defer principal payments that were to be paid during the year ended June 30, 2021. During the year ended June 30, 2021, the University will only make interest payments and the annual capital reserve contribution.

**Note 12 - Leases**

The University leases various office equipment and facilities under various operating leases, and equipment under various capital leases expiring at various dates through 2025.

Future minimum lease payments are as follows:

Years ending June 30,	Capital Leases	Operating Leases
2021	\$ 115,288	\$ 89,194
2022	64,126	86,709
2023	23,629	85,406
2024	1,966	78,002
2025	<u>1,311</u>	<u>3,415</u>
Total minimum payments	206,320	<u>\$ 342,726</u>
Less amount representing interest	<u>(7,190)</u>	
Capital lease	<u>\$ 199,130</u>	

Rent expense for the year ended June 30, 2020 totaled \$124,489.

Property, buildings and equipment at June 30, 2020 includes machinery and equipment under capital leases of \$360,007 and accumulated amortization related to those assets of \$149,429. Amortization of assets held under capital leases is included in depreciation expense.

**Note 13 - Transactions with Related Parties**

On June 3, 2010, the University entered into a promissory note with the Wayne Prim Foundation in the amount of \$5,000,000. Wayne Prim is the chairman emeritus of the board of the University. The note stipulates interest at a rate of LIBOR plus 5.5% paid monthly with the principal originally maturing on October 1, 2012. Subsequent amendments have extended the maturity date of the entire principal to October 1, 2025. The note is collateralized by substantial assets located at 291 Country Club Drive, Buildings 1, 2, and 3, and 999 Tahoe Blvd. and the assignment of leases, rents and other income.

On March 6, 2015, the University entered into a contribution agreement with the Wayne Prim Foundation, where some of the note will be forgiven if the University meets certain donation conditions set forth in the agreement.

Due to the conditions being met, \$2,500,000 of the related party debt was forgiven and recognized as a contribution during the year ended June 30, 2019. Payments of \$1,750,000 were made on the principal balance from contributions received from another member of the Board of Directors for a remaining balance of \$250,000 as of June 30, 2019.

During the year ended June 30, 2020, the conditions were met on the remaining outstanding related party debt. As a result, the remaining balance of \$250,000 was forgiven and recognized as a contribution during the year ended June 30, 2020.

The interest paid on the note was \$3,255 for the year ended June 30, 2020.

For the year ended June 30, 2020, about 71% of contributions were from board members.

#### Note 14 - Beneficial Interest in Community Foundation

As additionally discussed in Note 1 and 15, the University has named itself the beneficiary of certain funds held at Parasol Community Foundation. The University is its own beneficiary for five funds at Parasol, two of which are related to a portion of the University's endowment, and three others that are restricted for other donor purposes. Activity for the five funds held at Parasol for the year ended June 30, 2020 were as follows:

	Uncollateralized Endowment Fund	Tahoe Forum Endowment Fund	Project Eagle Fund	Residence Hall Reserve Fund	Miriam Prim Fund	Total
Beneficial Interest, July 1, 2019	\$ 1,005,216	\$ 1,571,660	\$ 1,042,076	\$ 70,227	\$ -	\$ 3,689,179
Contributions	80,000	50,531	-	-	1,039,925	1,170,456
Change in value of beneficial interest	38,160	51,005	23,168	2,370	170,987	285,690
Distributions	(47,994)	(151,737)	(820,881)	-	-	(1,020,612)
Beneficial Interest, June 30, 2020	<u>\$ 1,075,382</u>	<u>\$ 1,521,459</u>	<u>\$ 244,363</u>	<u>\$ 72,597</u>	<u>\$ 1,210,912</u>	<u>\$ 4,124,713</u>

#### Note 15 - Endowment Activities

The University's endowment consists of 25 individual donor-restricted funds established to provide annual funding for specific activities and general operations. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The University's Board of Trustees has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2020, there were no such donor stipulations. As a result of this interpretation, the University classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment (including contributions receivable net of discount and allowance for doubtful accounts), and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. The remaining portion

of the donor-restricted endowment fund is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the University in a manner consistent with the standard of prudence prescribed by UPMIFA.

The University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the University and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the University
- The investment policies of the University

As of June 30, 2020, endowment net asset composition by type of fund is as follows:

Donor-restricted endowment funds

Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 4,888,393
Accumulated gains	<u>1,198,662</u>
	<u>\$ 6,087,055</u>

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The University has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2020, deficiencies of \$57,946 are reported in net assets with donor restrictions.

### Investment Return Objectives, Risk Parameters and Strategies

The endowment fund is comprised of investments and a beneficial interest in assets held by a community foundation (beneficial interest).

The University has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets and its beneficial interest that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment funds over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation and appreciation in its beneficial interest, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a conservative short-term exchange traded fund, which is intended to result in a consistent inflation-protected rate of return. The beneficial interest is managed by the Board of Directors of the community foundation. The University has no stewardship or control with respect to the beneficial interest; however, the University selected the long-term horizon strategy when transferring assets to the community foundation. Although the University

has no involvement in the management of the beneficial interest, it expects that the beneficial interest will have sufficient appreciation and liquidity to make an annual distribution of 5%. Therefore, the University expects its endowment and beneficial interest assets, over time, to produce an average rate of return, including change in fair value of approximately 8% annually. Actual returns in any given year may vary from this amount.

### Spending Policy

The University has adopted a policy of appropriating for distribution each year not to exceed 5% of its endowment assets, including its beneficial interest, average fair value of the prior 36 months through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the University considered the long-term expected return on its investment assets and appreciation in its beneficial interest, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The University expects the current spending policy to allow its endowment assets, including its beneficial interest, to grow at a nominal average rate of 5% annually, which is consistent with the University's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

Endowment net assets, July 1, 2019	\$ 4,625,250
Contributions	1,250,000
Other transfers	39,924
Investment income	53,183
Gain (loss)	(2,525)
Change in value of beneficial interest	
in assets held by others	278,702
Distributions	(208,011)
Return of unspent funds	50,532
	<u>50,532</u>
Endowment net assets, June 30, 2020	<u><u>\$ 6,087,055</u></u>

### Note 16 - Net Assets without Donor Restrictions

Net assets without donor restrictions consist of the following at June 30, 2020:

Undesignated	\$ (1,076,477)
Designated by the Board for capital reserve	97,507
Investment in property, equipment, and intangibles, net of related debt	22,286,846
	<u>22,286,846</u>
	<u><u>\$ 21,307,876</u></u>

**Note 17 - Net Assets with Donor Restrictions**

Net assets with donor restrictions are restricted for the following purpose or period at June 30, 2020:

Subject to Expenditure for Specified Purpose	
College programs and activities	\$ 436,358
Acquisition of long-lived assets	2,164,972
Promises to give, the proceeds from which have been restricted by donors for Student aid	228,594
	<u>2,829,924</u>
Subject to the Passage of Time	
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	<u>4,276</u>
Endowments	
Subject to appropriation and expenditure when specified event occurs	
Restricted by donors for	
Student aid	272,969
College programs and activities	
Entrepreneurship	242,076
Visiting scholars	118,785
Environmental studies	12,955
Other programs	30,418
Tahoe forum	521,459
	<u>1,198,662</u>
Subject to endowment spending policy and appropriation, which includes assets held by a community foundation for the University's benefit	
Student aid	2,178,581
College programs and activities	
Entrepreneurship	1,025,000
Visiting scholars	500,000
Environmental studies	100,000
Other programs	142,758
Tahoe forum	1,000,000
Underwater endowment	(57,946)
	<u>4,888,393</u>
Total endowments	<u>6,087,055</u>
	<u><u>\$ 8,921,255</u></u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended June 30, 2020:

Satisfaction of purpose restrictions	
College programs and activities	\$ 1,414,568
Student aid	570,930
	<u>1,985,498</u>
Restricted - purpose spending rate distributions and appropriations	
Student aid	11,710
College programs and activities	
Entrepreneurship	21,949
Visiting scholars	10,789
Environmental studies	879
Other programs	2,667
	<u>47,994</u>
Tahoe forum	<u>109,485</u>
	<u><u>\$ 2,142,977</u></u>

### Note 18 - Deferred Compensation Agreements

The University entered into a deferred compensation agreement with a former President of the University to compensate him for past services to the University. Under the terms of the agreement, the University is required to pay the cost of medical premiums for the former President and his spouse until his and his spouse's death. The University's obligation under the agreement is collateralized by a deed of trust on real property. At June 30, 2020, liabilities of \$106,689 related to the agreement are included in accrued payroll and payroll-related liabilities.

### Note 19 - Retirement Plan

Substantially all full-time employees of the University are covered under a defined contribution plan with the Teachers' Insurance and Annuity Association/Organization Retirement and Equities Fund. The University makes discretionary matching contributions, provided the participating employee contributes 5% or more of their compensation. The University match for the year ended June 30, 2016 through November 13, 2016 was 4.5%. The Board of Trustees elected to freeze the Plan effective November 14, 2016, however, effective April 24, 2017, the Board of Trustees unfroze the Plan and continued its 4.5% discretionary match as of that date. Effective January 1, 2018, the University suspended the employer's match, however employees may still contribute and participate in the plan based on their elected deferral amount.



**Note 20 - Commitments and Contingencies**

The University has not fully complied with certain operational requirements applicable to its retirement plan (Note 19). Consequently, there was the potential for some costs to be incurred to achieve compliance and satisfy any penalties imposed by the IRS. The University had filed a voluntary correction plan with the IRS to achieve compliance and satisfy any penalties. The University's proposed plan of correction included satisfaction of the operational failures and further requests abatement of any and all penalties that may be imposed by the IRS given undue financial hardship on the University. The University had estimated this liability to be \$140,783, which was included in accrued liabilities at June 30, 2019. As of June 24, 2020, the IRS ruled favorably on the University's submission and deemed no corrective contributions were required. As of June 30, 2020, this liability has been written down to zero and recognized as other income in the statement of activities.

**Note 21 - Adjustment Resulting from Change in Accounting Policy**

As discussed in Note 1 to the financial statements, the University has adopted the provisions of Financial Accounting Standards Board Accounting Standards Update No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. Accordingly, June 30, 2019 statement of cash flows has been restated to adopt this standard. Following is a summary of the effects of the change in accounting policy in the University's June 30, 2019 statement of cash flows:

	<u>As Previously Reported</u>	<u>Change in Accounting Principle</u>	<u>As Adjusted</u>
Cash, Cash Equivalents, Restricted Cash and Cash Equivalents, Beginning of Year	\$ 1,086,374	\$ 146,423	\$ 1,232,797

**Note 22 - Subsequent Event and Financial Condition**

During 2020, the University has been negatively impacted by the effects of the world-wide coronavirus pandemic. As of the date of the issuance of these financial statements, the full impact of the University's financial position is not known. The University is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation.



Supplementary Information  
June 30, 2020

**Sierra Nevada College d/b/a Sierra  
Nevada University**

Sierra Nevada College d/b/a Sierra Nevada University  
 Supplementary Information to Consolidated Financial Statements – Composite Score  
 June 30, 2020

<b>Financial Responsibility Supplemental Schedule</b>			
<b><u>Primary Reserve Ratio:</u></b>			
<b>Expendable Net Assets:</b>			
Statement of Financial Position - Net assets without donor restrictions	Net assets without donor restrictions		21,307,876
Statement of Financial Position - Net assets with donor restrictions	Net assets with donor restrictions		8,921,255
Statement of Financial Position - Related party receivable and Related party note disclosure	Secured and Unsecured related party receivable	-	
Statement of Financial Position -Contribution receivable, net and Related party note disclosure	Unsecured related party receivable		-
Statement of Financial Position - Property, plant and equipment, net	Property, plant and equipment, net (includes Construction in progress)	27,733,143	
Note of the Financial Statements - Statement of Financial Positions- Property, Plant and Equipment - pre-implementation	Property, plant and equipment pre-implementation		27,095,635
Note of the Financial Statements - Statement of Financial Positions- Property, Plant and Equipment - post-implementation with outstanding debt for original purchase	Property, plant and equipment post-implementation with outstanding debt for original purchase		-
Note of the Financial Statements - Statement of Financial Positions- Property, Plant and Equipment - post-implementation without outstanding debt for original purchase*	Property, plant and equipment post-implementation without outstanding debt for original purchase		158,579
Note of the Financial Statements - Statement of Financial Positions- Property, Plant and Equipment -Construction in progress - Note 6	Construction in progress		478,929
Statement of Financial Position - Lease right-of-use assets, net	Lease right-of-use asset, net	-	
Note of the Financial Statements - Statement of Financial Positions- Lease right-of-use asset pre-implementation	Lease right-of-use asset, pre-implementation		-

Sierra Nevada College d/b/a Sierra Nevada University  
 Supplementary Information to Consolidated Financial Statements – Composite Scores  
 June 30, 2020

Note of the Financial Statements - Statement of Financial Positions- Lease right-of-use asset post-implementation	Lease right-of-use asset, post-implementation		-
Statement of Financial Position - Note 6	Intangible assets		1,895,340
Statement of Financial Position - Post-employment and pension liabilities	Post-employment and pension liabilities		-
Statement of Financial Position - Note Payable and Line of Credit fo rlong-term purposes (both current and long term) and Line of Credit for Construction in progress	Long-term debt - for long term purposes	5,472,737	
Statement of Financial Position - Note Payable and Line of Credit fo rlong-term purposes (both current and long term) and Line of Credit for Construction in progress	Long-term debt - for long term purposes pre-implementation		5,472,737
Statement of Financial Position - Note Payable and Line of Credit fo rlong-term purposes (both current and long term) and Line of Credit for Construction in progress	Long-term debt - for long term purposes post-implementation		-
Statement of Financial Position - Note Payable and Line of Credit fo rlong-term purposes (both current and long term) and Line of Credit for Construction in progress	Line of Credit for Construction in progress		-
Statement of Financial Position - Lease right-of-use of asset liability	Lease right-of-use asset liability	-	
Statement of Financial Position - Lease right-of-use of asset liability pre-implementation	Pre-implementation right-of-use asset liability		-
Statement of Financial Position - Lease right-of-use of asset liability pre-implementation	Post-implementation right-of-use asset liability		-
Statement of Financial Position - Annuities	Annuities with donor restrictions		-
Statement of Financial Position - Term Endowments	Term endowments with donor restrictions		-
Statement of Financial Positions—Life Income Funds	Life income funds with donor restrictions		-
Statement of Financial Position --Perpetual Funds	Net assets with donor restrictions: restricted in perpetuity		4,946,339
<b>Total Expenses and Losses:</b>			
Statement of Activities - Total Operating Expenses, (Total from Statement of Activities prior to adjustments)	Total expenses without donor restrictions - taken directly from Statement of Activities		14,353,452
Statement of Activities Non-Operating (Investment return appropriated for spending), Investments, net of annual spending, gain (loss), Other components of net periodic pension costs, Pension-related changes other than net periodic pension, Change in value of split-interest agreements and Other gains (Loss) - Total from Statement of Activities prior to adjustments)	Non-Operating and Net Investment (loss)		2,284
Statement of Activities Non-Operating (Investment return appropriated for spending), Investments, net of annual spending, gain (loss)	Net investment losses		2,284
Statement of Activities - Pension-related changes other than periodic pension	Pension -related changes other than net periodic costs		-

Sierra Nevada College d/b/a Sierra Nevada University  
 Supplementary Information to Consolidated Financial Statements – Composite Scores  
 June 30, 2020

<b>Equity Ratio:</b>			
<b>Modified Net Assets:</b>			
Statement of Financial Position - Net Assets without Donor Restrictions		Net assets without donor restrictions	21,307,876
Statement of Financial Position - Total Net Assets with Donor Restriction		Net assets with donor restrictions	8,921,255
Statement of Financial Position - Intangible assets		Intangible assets	1,895,340
Statement of Financial Position - Related party receivable and Related party note disclosure		Secured and Unsecured related party receivables	-
Statement of Financial Position - Related party receivable and Related party note disclosure		Unsecured related party receivables	-
<b>Modified Assets:</b>			
Statement of Financial Position - Total assets		Total assets	39,028,332
Note of the Financial Statements - Statement of Financial Positions- Lease right-of-use asset pre-implementation		Lease right-of-use asset pre-implementation	-
Note of the Financial Statements - Statement of Financial Positions- Lease right-of-use asset pre-implementation		Pre-implementation right-of-use asset liability	-
Statement of Financial Position - Intangible assets		Intangible assets	1,895,340
Statement of Financial Position - Related party receivables and Related party note disclosure		Secured and Unsecured related party receivables	-
Statement of Financial Position - Related party receivables and Related party note disclosure		Unsecured related party receivables	-
<b>Net Income Ratio:</b>			
Statement of Activities - Change in Net Assets Without Donor Restrictions		<b>Change in Net Assets Without Donor Restrictions</b>	(6,739)
Statement of Activities - (Net assets released from restriction), Total Operating Revenue and Other Additions and Sale of Fixed Assets, gains (losses)		<b>Total Revenues and Gains</b>	14,348,997

Exhibit D

<b>Sierra Nevada University</b> <b>FY 2022 Budget - as of 6/30/21</b>	
	100 New Students Fall 2021
DESCRIPTION	FY2022 Approved Budget
Undergraduate Net Tuition and Fees	3,972,446
Graduate (TED/MFA) Net Tuition and Fees	3,130,629
Room and Board	1,825,172
Other	500,000
<b>Total Revenue</b>	<b>9,428,247</b>
Payroll and Payroll Related Expenses	6,448,114
General Operating Expenses	4,101,380
Auxiliary Expenses	1,231,146
Interest	190,000
<b>Total Expenses</b>	<b>11,970,640</b>
<b>Operating Margin Surplus (Deficit)</b>	<b>(2,542,393)</b>
Budget relieving donor contributions received	0
Restricted grant revenue/capital contribution	0
Endowment/HEERF Institutional Aid/ERC Funds	1,549,102
Fixed Base (Principal) Rent to UCD (Deferred 24 payments will conclude December 22)	0
Annual Capital Reserve Payment to UCD	(67,000)
Excess (Shortfall) Cash	<b>(1,060,291)</b>
Estimated Cash Balance EOY FY 21	<b>7,100,000</b>