

WESTERN NEVADA COLLEGE FOUNDATION

REVIEWED FINANCIAL STATEMENTS

JUNE 30, 2019

WESTERN NEVADA COLLEGE FOUNDATION
TABLE OF CONTENTS
JUNE 30, 2019

	<u>Page</u>
INDEPENDENT ACCOUNTANT’S REPORT	1
MANAGEMENT’S DISCUSSION AND ANALYSIS	3
FINANCIAL STATEMENTS:	
Statements of Net Position	7
Statements of, Revenues, Expenses and Changes in Net Position	8
Statements of Cash Flows	9
NOTES TO FINANCIAL STATEMENTS.....	10
SUPPLEMENTARY INFORMATION:	
Schedules of General Supporting Expenses.....	15



INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Directors
Western Nevada College Foundation

We have reviewed the accompanying financial statements of Western Nevada College Foundation (a nonprofit organization), a component unit of Western Nevada College, as of June 30, 2019, which comprise the statement of net position as of June 30, 2019, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Report on 2018 Financial Statements

The 2018 financial statements were audited by us, and we expressed an unmodified opinion on them in our report dated September 10, 2018. We have not performed any auditing procedures since that date.

**INDEPENDENT ACCOUNTANT'S REPORT
CONTINUED**

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards, who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context.

Management has omitted the budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

The accompanying supplementary information included on page 15 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

PATGORN & CO., LTD.

Reno, Nevada
September 11, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

WESTERN NEVADA COLLEGE FOUNDATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

This section of Western Nevada College Foundation's (Foundation) annual financial report presents our discussion and analysis of the Foundation's financial activity for the year ended June 30, 2019. Please review it in conjunction with the accompanying financial statements and related footnotes. Foundation management is responsible for this discussion and analysis and its corresponding completeness and fairness.

Over the past year, the Foundation has continued to escalate community outreach, grant-writing efforts and event activity with the intent to improve contributions to Western Nevada College (College). As a result, the Foundation reported the following accomplishments for fiscal year ending June 30, 2019.

Scholarship Support

- Student scholarships awarded through the Foundation for the 2018-2019 school year improved year over year by 74%, bringing total student scholarship support to \$435,000. The largest part of the increase is due to the generosity of the William N. Pennington Foundation in granting \$150,000 in scholarships toward low-income students who enroll in career and technical education fields in order to improve their employment status and contribute to local workforce development.
- Fundraising efforts this year assisted in the establishment of ten new scholarships that will be awarded in fiscal year 2019-2020. Foundation is forecasting that over \$525,000 will be awarded for this next academic year. Of these, four (4) are memorial scholarships established by private donors, another is funded by a local manufacturer, four (4) are funded by College professors and administrative staff and one (1) is funded by a community member hoping to encourage women to pursue trades. For next year, the William N. Pennington Foundation generously funded \$200,000 toward career and technical education. Nursing Scholarship awards also grew to over \$125,000 annually thanks to donations by both private donors and foundations.
- Funding for the Paul Laxalt Scholarship improved after Foundation was named in a nationwide obituary as a charity accepting donations to memorialize the passing of Senator Paul Laxalt.
- Over three-hundred and fifty (350) donors and students gathered at the annual "We Are Western" scholarship celebration to recognize student accomplishments and the generosity of scholarship donors. Fundraising covered the cost of the event which included a motivational presentation, a BBQ dinner and other western-themed entertainment.
- The prison education program continues to grow with the goal of reducing recidivism. Thanks to the support from private donors and other foundations, the Foundation has been able to contribute nearly \$20,000 in scholarships for incarcerated students.

Facility Improvements

- The Foundation was awarded a grant from the William N. Pennington Foundation to relocate and refurbish the biology laboratory currently located in the Bristlecone Building. This lab had not been updated since 1990. The project will allow 21st century learning for students featuring state-of-the-art technology and lab design while increasing student capacity. This is a \$1.35 million project scheduled for completion in January, 2020.
- The Foundation assisted the College in securing funding to refurbish the 22,000 square foot library located in the Dini building on the Carson City Campus. The project launched in June of 2018 with a goal of creating a study space that engages students with collaboration areas, updated technology, and tutoring services. Funding support includes \$100,000 from the Library Services Technology Act Grant, \$50,000 from NV Energy, \$25,000 from the Carson City Rotary Club and \$12,500 from private donors. The Foundation continues to work to provide additional funding for this important project.
- Nearly \$100,000 in funding for a new Performing Arts Department practice studio located in the Cedar Building was provided through the Foundation.
- The Fallon Campus Nursing labs were refurbished thanks to more than \$50,000 in donations provided by Churchill County, Banner Churchill Community Hospital, and a private donor.

WESTERN NEVADA COLLEGE FOUNDATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

Fundraising Events

- The third annual “Reach for the Stars Black Tie Gala” was held at the Jack C. Davis Observatory in August of 2018. The observatory is located in a remote area of the main campus and is often over-looked by the community. The event allowed for promotion of the observatory, drawing over 300 local community members and generating important fundraising efforts in support of the College. This year’s event included a full dinner, raised close to \$90,000 and continues to grow in popularity among local community members.
- The Jack C. Davis Observatory received an increase of nearly \$20,000 in its endowed funding thanks to funds raised at the 2018 Reach for the Stars Black Tie Gala.
- The 19th annual WNC Golf tournament was, once again, supported by a partnership with Northern Nevada Development Authority (NNDA), emphasizing an important workforce development theme. Net funds from this tournament were nearly \$25,000, drawing strong support from many local organizations with 124 players.
- A focused event in Gardnerville was held at the Bonafede Ranch in April of 2019. The event allowed the Foundation to reach out to the community in support of the Western Nevada College Douglas County Campus.

Program Support

- The Jump Start College program continues to provide College access to exceptional high school students. One hundred and fifty (150) students from twelve (12) high schools and two (2) academies graduated in May of 2019 with an associate’s degree from the College at the same time receiving their high school diplomas. The Foundation has assisted the College in developing Jump Start College funding by working with private donors and organizations such as Bank of America.
- The Veteran’s Resource Center provides a place on campus for student veterans to receive the support they need to transition from the military to academic life. The Foundation has worked with private donors and organizations such as Harley-Davidson Financial Services and the Vietnam Veterans of America Carson Area Chapter to provide funding needed to create a comfortable space on campus for the veterans, emergency student funding and scholarship support.
- The College’s outstanding Nursing Program was recently recognized by Registered Nursing as one of the top three programs in Nevada. In 2019, the program produced fifty-two (52) associate degree nursing graduates. The Foundation continues to work with local donors such as the William N. Pennington Foundation in order to provide state-of-the-art equipment for students including the Simom manikin that simulates the birthing process and the Anatomage Table which offers a virtual dissecting experience.

In Summary, fundraising events, campus improvements, investments and scholarships have delivered great results during fiscal 2019 in order to support the strategic direction of the College. The Foundation is grateful to all the donors, partners and College faculty and staff who have contributed in making these results possible.

Financial Highlights

Overview of the Financial Statements

This annual report consists of two parts-management's discussion and analysis (this section), and the basic financial statements. These basic financial statements for the Foundation, along with a description of the information contained in each statement, are:

- *Statements of Net Position* – provides a picture of the assets and liabilities of the Foundation at the end of its fiscal year, along with the difference between assets and liabilities, which is referred to as net position;
- *Statements of Revenues, Expenses, and Changes in Net Position* – shows the revenues and expenses that resulted from the Foundation's operations during the fiscal year, regardless of when cash was received or paid, and shows how those results of operations affected net assets of the Foundation;
- *Statements of Cash Flows* – presents a summary of cash balances at the beginning of the period, increases and decreases in cash during the period, and the balance of Foundation cash at the end of the period.

WESTERN NEVADA COLLEGE FOUNDATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

The Foundation's primary purpose is to obtain additional financial resources to enhance the College's mission. This purpose is accomplished by ensuring public awareness of the strengths and needs of the institution, the cultivation of significant individuals, corporations, and private foundations, and eventually, the solicitation of funds for use in carrying out the College's mission and strategic plan.

When analyzing the financial statements of the Foundation, it is important to remember this key concept: in traditional business, an increase in net position might generally be associated with an improved financial position. Conversely, a decrease in net position might indicate deterioration in net assets. These generalities are not necessarily the case for a nonprofit like the Foundation because of the nature of its operations. Unlike a business entity, nonprofits such as the Foundation have a goal of disbursing funds, or reducing net assets, in support of their mission.

An analysis of Foundation operations might consider the change in net position by type:

Restricted net position are those that have constraints placed on their use by the donor. They include both nonexpendable and expendable amounts.

Nonexpendable net position, often referred to as endowments, hold assets that the donor has specified may not be expended by the Foundation. Earnings from these assets are generally expendable for restricted purposes, such as scholarships or equipment purchases, and are included in the expendable categories of net position.

Expendable net position represent amounts having constraints placed on their use by the donor, but may be spent at some time, either in the present or future.

Unrestricted net position represents amounts held by the Foundation that are not restricted by the donor. These amounts are available for operations of the Foundation or any of its programs.

A comparison of the various condensed statements for this year and the prior year will help with an analysis of changes in net position, results of operations, and other measures of the Foundation's activities.

Condensed Statements of Net Position

	2019	2018	2019-2018	
			Change	% Change
Assets				
Current assets	\$ 1,792,776	\$ 174,355	\$ 1,618,421	928%
Noncurrent assets	3,408,722	3,294,307	114,415	3%
Total assets	<u>\$ 5,201,498</u>	<u>\$ 3,468,662</u>	<u>\$ 1,732,836</u>	<u>50%</u>
Liabilities				
Current liabilities	<u>\$ 5,051,330</u>	<u>\$ 3,352,418</u>	<u>\$ 1,698,912</u>	<u>51%</u>
Net Position				
Restricted	-	58,111	(58,111)	-100%
Unrestricted	<u>150,168</u>	<u>58,133</u>	<u>92,035</u>	<u>158%</u>
Total net position	<u>150,168</u>	<u>116,244</u>	<u>33,924</u>	<u>29%</u>
Total Liabilities and Net Position	<u>\$ 5,201,498</u>	<u>\$ 3,468,662</u>	<u>\$ 1,732,836</u>	<u>50%</u>

Total assets were \$5.2 million on June 30, 2019 and \$3.5 million on June 30, 2018. Fiscal 2019 reflects an increase in total assets as compared to prior year primarily from funds provided from the William N. Pennington Foundation for a new biology laboratory renovation project representing a \$1.3 million investment. Over the past two years, grant proposals, net event revenue, and investment management have contributed to an ongoing increase in Foundation assets.

WESTERN NEVADA COLLEGE FOUNDATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

The Foundation investment assets are managed by Waddell & Reed Financial Advisors in coordination with the Foundation Finance Committee. The moderately conservative approach to portfolio management has worked well for the Foundation with the primary priority being to produce income to meet established goals. Investment earnings produced \$255,000 during fiscal 2019, of which \$189,000 came from interest and dividends.

	2019	2018	2019-2018	
			Change	% Change
Operating Support and Revenue				
Contributions	\$ 1,074,460	\$ 1,892,667	\$ (818,207)	-43%
Other Contributions	38,119	18,647	19,472	104%
Special events revenue	80,334	79,492	842	1%
Management fees	17,737	15,736	2,001	13%
Total Operating Support and Revenue	<u>1,210,650</u>	<u>2,006,542</u>	<u>(795,892)</u>	<u>-40%</u>
Operating Expenses	<u>1,220,291</u>	<u>1,984,265</u>	<u>(763,974)</u>	<u>-39%</u>
Program expenses				
Scholarships	423,935	214,709	209,226	97%
College programs	353,901	147,436	206,465	140%
Capital investment	114,620	1,355,731	(1,241,111)	-92%
Total Program Expenses	<u>892,456</u>	<u>1,717,876</u>	<u>(825,420)</u>	<u>-48%</u>
Administrative and special events	<u>327,835</u>	<u>266,389</u>	<u>61,446</u>	<u>23%</u>
Total Operating Expenses	<u>1,220,291</u>	<u>1,984,265</u>	<u>(763,974)</u>	<u>-39%</u>
Operating Income (Loss)	(9,641)	22,277	(31,918)	-143%
Investment Earnings	<u>43,565</u>	<u>18,782</u>	<u>24,783</u>	<u>132%</u>
Change in Net Position	<u>33,924</u>	<u>41,059</u>	<u>(7,135)</u>	<u>-17%</u>
Net Position, Beginning of Year	<u>116,244</u>	<u>75,185</u>	<u>41,059</u>	<u>55%</u>
Net Position, End of Year	<u>\$ 150,168</u>	<u>\$ 116,244</u>	<u>\$ 33,924</u>	<u>29%</u>

Operating revenues for the Foundation remain strong at just over \$1.2 million. Contributions were down year over year due to the investment in the \$1.45 million William N. Pennington Foundation Biophysical Science Laboratory of which \$1.35 million was spent in FY18. Contributions for FY19 remain strong with investments in the Carson City Campus Library, performing arts practice studio, the Fallon Nursing Lab and designs for new Biology Lab which will be relocated to the Aspen Building in 2020.

The end-of-year review process is a time for assessing past performance, celebrating successes, rethinking missed opportunities, and planning for the year ahead. The positive results reported in this audit are a reflection of strong board participation, alignment with the College's strategic plan, and the board's determination to build important community relationships and partnerships that will continue to serve Western Nevada College students and programs.

Requests for Information

This financial report is designed to provide interested parties a general overview of the Foundation's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Foundation office:

WNC Foundation
2201 W. College Parkway
Carson City, NV 89703
Niki.Gladys@wnc.edu
775-445-3240
775-445-4472 Fax

WESTERN NEVADA COLLEGE FOUNDATION
STATEMENT OF NET POSITION
JUNE 30, 2019 (UNAUDITED) AND JUNE 30, 2018 (AUDITED)

	<u>2019</u> <u>(Unaudited)</u>	<u>2018</u> <u>(Audited)</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 131,762	\$ 106,088
Restricted cash and cash equivalents	1,642,608	58,111
Prepaid Expenses	11,786	-
Pledges receivable, net	<u>6,620</u>	<u>10,156</u>
Total Current Assets	<u>1,792,776</u>	<u>174,355</u>
Noncurrent Assets		
Restricted investments	<u>3,408,722</u>	<u>3,294,307</u>
Total Assets	<u><u>\$ 5,201,498</u></u>	<u><u>\$ 3,468,662</u></u>
LIABILITIES AND NET POSITION		
Current Liabilities		
Unexpended contributions	<u>\$ 5,051,330</u>	<u>\$ 3,352,418</u>
Net Position		
Restricted		
Expendable		
Scholarship and college programs	-	54,960
Capital investments	-	3,151
Unrestricted	<u>150,168</u>	<u>58,133</u>
Total Net Position	<u>150,168</u>	<u>116,244</u>
Total Liabilities and Net Position	<u><u>\$ 5,201,498</u></u>	<u><u>\$ 3,468,662</u></u>

The attached auditor's report and notes should be read with the financial statements.

WESTERN NEVADA COLLEGE FOUNDATION
STATEMENT OF SUPPORT, REVENUE, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019 (UNAUDITED) AND JUNE 30, 2018 (AUDITED)

	2019 (Unaudited)	2018 (Audited)
Operating Support and Revenue		
Scholarships	\$ 424,420	\$ 191,819
College programs	353,681	165,572
Capital investments	114,650	1,355,731
College support	198,684	179,545
Other contributions	21,144	18,647
Special events	80,334	79,492
Management fees	17,737	15,736
Total Operating Support and Revenue	<u>1,210,650</u>	<u>2,006,542</u>
Operating Expenses		
Program Services		
Scholarships	423,935	214,709
College programs	353,901	147,436
Capital investments	114,620	1,355,731
Total Program Services Expense	<u>892,456</u>	<u>1,717,876</u>
Supporting Services		
Administrative	272,156	230,773
Special events	55,679	35,616
Total Supporting Services Expense	<u>327,835</u>	<u>266,389</u>
Total Operating Expenses	<u>1,220,291</u>	<u>1,984,265</u>
Operating Income (Loss)	(9,641)	22,277
NON-OPERATING REVENUE		
Investment Earnings	<u>43,565</u>	<u>18,782</u>
Change in Net Position	33,924	41,059
Net Position, Beginning of Year	<u>116,244</u>	<u>75,185</u>
Net Position, End of Year	<u>\$ 150,168</u>	<u>\$ 116,244</u>

The attached auditor's report and notes should be read with the financial statements.

WESTERN NEVADA COLLEGE FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019 (UNAUDITED) AND JUNE 30, 2018 (AUDITED)

	2019 (Unaudited)	2018 (Audited)
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from contributions	\$ 2,559,900	\$ 461,306
Receipts from special events	80,334	79,492
Receipts from management fees	17,737	15,736
Payments for college programs	(592,591)	(262,143)
Payments for capital investment	(114,620)	(1,355,731)
Payments for administrative	(214,060)	(51,228)
Payments for special events	(55,679)	(35,616)
Net Cash Provided (Used) by Operating Activities	<u>1,681,021</u>	<u>(1,148,184)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Sale and maturities of investments	199,878	1,292,165
Purchases of investments	(305,983)	(2,962,460)
Interest and dividends on investments	35,255	13,244
Net Cash Provided (Used) by Investing Activities	<u>(70,850)</u>	<u>(1,657,051)</u>
Net Decrease in Cash and Cash Equivalents	1,610,171	(2,805,235)
Cash and Cash Equivalents, Beginning of Year	<u>164,199</u>	<u>2,969,434</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,774,370</u>	<u>\$ 164,199</u>
Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities:		
Operating Income (Loss)	\$ (9,641)	\$ 22,278
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Change in:		
Accounts receivable	-	856
Pledge receivables	3,536	3,744
Prepaid Expenses	(11,786)	-
Unexpended contributions	1,698,912	(1,175,061)
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,681,021</u>	<u>\$ (1,148,183)</u>
Operating income includes in-kind contributions and associated operating expenses of:		
Contribution for college program	\$ 58,096	\$ 100,272
College support for employee costs	181,709	171,180
College support for operating expenses	16,975	8,365
	<u>\$ 256,780</u>	<u>\$ 279,817</u>
Non-Cash Investing Activities:		
Unrealized gain	<u>\$ 8,342</u>	<u>\$ 5,538</u>

The attached auditor's report and notes should be read with the financial statements.

WESTERN NEVADA COLLEGE FOUNDATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Western Nevada College Foundation (Foundation) is a nonprofit corporation organized to hold and administer endowments for funding scholarships and to conduct capital fundraising campaigns for Western Nevada College (College).

Basis of Presentation

The Foundation is considered a college foundation because of its relationship with Western Nevada College, a campus of the Nevada System of Higher Education. The financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board ("GASB") Statement No. 35, Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities.

The Foundation is a component unit of the College as defined in GASB Statement No. 39, Determining Whether Certain Organizations are Component Units. As such, the Foundation reports its financial activities and net position using a single column enterprise fund presentation as described by GASB 34.

The College is one of nine institutions that comprise the Nevada System of Higher Education (NSHE). NSHE presents combined financial statements for its operations. As a component unit of the College, the Foundation is included in the combined discrete presentation of System Related Organizations in NSHE financial statements.

Basis of Accounting

The financial statements of the Foundation have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow.

The Foundation distinguishes the assets it holds based on intended use of the resources as specified by the donor. Net position used by the Foundation is aggregated by general type of limitation placed on the assets:

Restricted net position – are those that have constraints placed on their use by the donor. They include both nonexpendable and expendable amounts.

- *Nonexpendable net position* often referred to as endowments, hold assets that the donor has specified may not be expended by the Foundation. Earnings from these assets are generally expendable for restricted purposes and are included in the expendable category of net position.
- *Expendable net position* represent amounts having constraints placed on their use by the donor, but may be spent at some time, either in the present or future.

Unrestricted net position – represent amounts held by the Foundation that are not restricted by the donor. These amounts are available for operations of the Foundation or any of its programs.

Recognition of Support and Revenue

Unrestricted donations and gifts are generally recognized as income in the period in which they are pledged or received. Restricted donations and gifts which is specifically designated as being for a future period or purpose are initially recorded as unexpended contributions (a liability) and are then transferred to income in the period for which they are designated or utilized for their intended purpose.

WESTERN NEVADA COLLEGE FOUNDATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recognition of Support and Revenue (Continued)

When both restricted and unrestricted resources are available for use, it is the Foundation's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

Investments

Investments are recorded at fair value, which is based upon quoted market prices, and consist of mutual funds, and exchange traded products.

Investment income consists of dividend and interest income and is shown net of investment management fees.

The net change in the fair value of investments consists of both realized and unrealized gain and loss on investments.

The Foundation is not limited by statute regarding the types of investments it may acquire; however, the Foundation has adopted a formal investment policy described in Note 2.

Donated Assets and Services

Donated assets and services are recognized as revenue in the period received at their estimated fair value.

The members of the Board of Trustees donate their services on the Foundation's behalf. The financial statements do not reflect the value of these services, as there is not objective basis by which to measure the value of such services.

Additionally, as described in Note 4, the College provides staffing and other operating costs for the Foundation. These amounts are included in operating revenues as college support, with the associated expense reflected in general supporting expenses.

Income Taxes

The Foundation is classified under Section 501(c)(3)(Nonprofit Education Organization) of the Internal Revenue Code. The Foundation is exempt from federal income tax and is classified as a public charity under Section 509(a)(1) of the Internal Revenue Code.

We believe that the Foundation has appropriate support for any tax positions taken affecting its annual filing requirements, as, as such, does not have any uncertain tax positions that are material to the financial statements. We 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. The entities' Forms 990, 990-T, and other income tax filings required by state, local, or non-U.S. tax authorities are no longer subject to tax examination for the years before 2014.

Operating and Non-operating Revenues and Expenses

Revenues and expenses are classified as operating if they result from providing services in connection with the Foundation's ongoing operations. The Foundation's operating revenues consist primarily of contributions received, special events revenue, and administrative and management fees. Foundation operating expenses are those costs associated with donor cultivation, and stewardship, special events, and general administration of the Foundation. Non-operating revenues and expenses relate primarily to the income and gains and losses associated with investment activity of the Foundation.

WESTERN NEVADA COLLEGE FOUNDATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

In preparing financial statements in conformity with U.S. generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent 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.

Subsequent Events

Management has evaluated subsequent events through September 11, 2019 which is the date these financial statements were available to be issued and these financial statements have not been updated for subsequent events occurring after that date.

NOTE 2 - CASH AND INVESTMENTS

The Foundation has adopted a formal investment policy. The Policy stipulates that the asset selection and allocation should fall within the following ranges:

Equity investments	20-85%
Fixed income investments	15-80%

Unrestricted and restricted funds are primarily invested in cash and cash equivalents, money market funds, mutual funds, and exchange traded products. Each investment is specifically identified. Investments are recorded at fair value based on quoted market prices.

At June 30, 2019 and 2018, the carrying amount of the Foundation's cash in bank was \$1,622,096 and \$153,733, the bank balance was \$1,630,204 and \$152,790.

The Foundation's money market funds and investments are held by one broker/dealer who is insured by Securities Investor Protection Corporation (SIPC) for up to \$500,000 of the investments, including a maximum of \$250,000 for cash claims. Money market funds of \$161,903 and \$0 were uncollateralized at June 30, 2019 and 2018, respectively.

A summary schedule of cash and investments stated at fair value for the Foundation at June 30 is as follows:

	<u>2019</u>	<u>2018</u>
Cash and money market funds	\$ 1,774,370	\$ 164,199
Investments	<u>3,408,722</u>	<u>3,294,307</u>
Total cash and investments	<u>\$ 5,183,092</u>	<u>\$ 3,458,506</u>

Income from investments are reinvested and allocated in the financial statements based on donor restrictions in the endowment agreement or restrictions imposed by the Board of Trustees of the Foundation. Funds may be withdrawn from any account at the Foundation's discretion.

The spending policy for donor-restricted endowments of the Foundation is to allocate the support of budgeted programs, a share of investment returns that will provide a full measure of current income consistent with the achievement of full long-term preservation of purchasing power of the endowment as a minimal goal. The policy is expressed as a percentage (not to exceed 4.5 percent) of a three-year moving market value average (calculated as the prior three fiscal year-ends) of its investable assets. Earnings that exceed spending budgeted are retained in the endowment corpus.

WESTERN NEVADA COLLEGE FOUNDATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

The investment policy allows the Foundation to invest its portfolio in equities, fixed-income, alternative investments, and other investment strategies to maintain sufficient liquidity to meet projected distribution requirements. A summary of investments at June 30 are stated at fair value and consist of the following:

	<u>2019</u>	<u>2018</u>
Mutual funds	\$ 2,981,406	\$ 2,992,583
Exchange-traded funds	296,763	301,724
	<u>\$ 3,278,169</u>	<u>\$ 3,294,307</u>

Investment earnings at June 30, is as follows:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 189,239	\$ 92,016
Net realized and unrealized gains	<u>66,192</u>	<u>41,040</u>
	255,431	133,056
Restricted earnings reclassified to unexpended contributions	<u>211,866</u>	<u>114,274</u>
Net unrestricted investment earnings	<u>\$ 43,565</u>	<u>\$ 18,782</u>

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Foundation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Foundation, or are held by either the counterparty's trust department or agent but not in the Foundation's name. The Foundation's policy is to hold all investments in the name of the organization.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Foundation does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

While the Foundation has an investment policy stipulating ranges for asset selection and allocation, the Policy does not limit its investment choices.

Fair Value Hierarchy

The fair value hierarchy categorizes inputs to valuation techniques used to measure fair value into three levels. Level 1 inputs are quoted market prices for identical assets or liabilities in active markets that the Foundation can access at the measurement date. Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for an asset or liability, directly or indirectly. Level 3 inputs are unobservable inputs. The highest priority is assigned to Level 1 inputs and the lowest to Level 3 inputs. If the fair value is measured using inputs from more than one level of the hierarchy, the measurement is considered to be based on the lowest priority input level that is significant to the entire measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

At June 30, 2019 and 2018, all investments are categorized in Level 1 of the fair value hierarchy.

WESTERN NEVADA COLLEGE FOUNDATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 3 - PLEDGES RECEIVABLE

Pledges receivable are recorded as revenue at the pledge date and adjusted to present value based upon collection dates. Pledges receivable at June 30, 2019 and 2018 consist of the following:

	<u>2019</u>	<u>2018</u>
Programs and scholarships	\$ 6,620	\$ 11,247
Allowance for uncollectible promises to give	-	\$ (1,092)
Net pledges receivable	<u>\$ 6,620</u>	<u>\$ 10,155</u>
Amounts due in:		
Less than one year	<u>\$ 6,620</u>	<u>\$ 10,155</u>

NOTE 4 - RELATED PARTY TRANSACTIONS

The College provided the Foundation with in-kind contributions of management and general support services for the years ended June 30, 2019 and 2018 of \$198,684 and \$179,545, respectively. These amounts are included in the unrestricted fund as College support revenue and general supporting expenses.

The Foundation expended \$892,456 and \$1,717,876 on programs and facility improvements for the College for the year ended June 30, 2019 and 2018, respectively.

SUPPLEMENTARY INFORMATION

WESTERN NEVADA COLLEGE FOUNDATION
SCHEDULE OF SUPPORTING ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019 (UNAUDITED) AND JUNE 30, 2018 (AUDITED)

	2019 (Unaudited)	2018 (Audited)
Accounting	\$ 13,160	\$ 11,977
Allowance for pledge receivable	2,878	200
Bank service charges	2,992	2,414
Insurance	1,982	1,840
Fees	2,145	-
Membership	2,567	1,498
Miscellaneous	3,659	615
Public relations	14,093	13,493
Salaries and related fringe benefits	213,784	196,180
Software	11,766	-
Supplies	3,130	2,556
	<u>\$ 272,156</u>	<u>\$ 230,773</u>

The attached auditor's report and notes should be read with the financial statements.