

WESTERN NEVADA COLLEGE FOUNDATION

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2018

WESTERN NEVADA COLLEGE FOUNDATION
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Western Nevada College Foundation

We have audited the accompanying statement of net position of Western Nevada College Foundation (a nonprofit organization), a component unit of Western Nevada College, as of June 30, 2018, and the related statements of support, revenue, expenses and changes in net position, and cash flows for the year then ended.

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 fair 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 the 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 Western Nevada College Foundation as of June 30, 2018, and the changes in its net position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**INDEPENDENT AUDITOR'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 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information included on page 15 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

PANGBORN & CO., LTD.

Reno, Nevada
September 10, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

WESTERN NEVADA COLLEGE FOUNDATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018

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, 2018. 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 elevated 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, 2018.

Scholarship Support

- Student scholarships awarded through the Foundation for the 2017-2018 school year improved year over year by 29%, bringing total student scholarship support to over \$250,000 for the year.
- Fundraising efforts this year assisted in the establishment of ten (10) new scholarships that will be awarded in fiscal year 2018-2019. The Foundation is forecasting that over \$400,000 will be awarded for next academic year. Of these, three are memorial scholarships established by private donors, four are funded by local businesses, two are funded through other regional charity foundations and one is funded by the College faculty. William N. Pennington Foundation generously funded \$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 workforce development locally. These scholarships will assist students as they prepare for a four year college or pursue careers in fields such as nursing, manufacturing, automotive, and welding. Additionally, several of these scholarships were created to support student veterans, single mothers, and those challenged with disabilities.
- The Foundation received national recognition at the eWomenNetwork National Conference in Dallas, TX after receiving a grant to fund two full scholarships to female students pursuing degrees from the College.
- Over three-hundred (300) donors and students gathered at the annual "We Are Western" scholarship celebration to recognize student accomplishments and recognize scholarship donors. Fund-raising covered the cost of the event while the event also offered a motivational presentation, a BBQ dinner, and other western themed entertainment.

Facility Improvement

- The Foundation assisted the College in developing funds to refurbish the Reynolds building, which was completed in October of 2017. The project provided a state-of-the-art manufacturing training area for the Applied Industrial Technology program. To accomplish this, the Foundation pursued and was awarded a \$50,000 grant from the EL Cord Foundation and a \$50,000 grant from NV Energy. An additional \$35,000 was provided from the Reynolds Foundation Endowment previously established with the Foundation. Total Foundation contributions to the College for this project were \$135,000.
- The Foundation was awarded a grant from the William N. Pennington Foundation to refurbish the biophysical science laboratories located in the Aspen Building. These labs had not been updated since 1990. The project doubled the size of the cadaver lab while creating a more functional, state-of-the-art, chemistry lab. This was a \$1.4 million project funded through the generosity of the William N. Pennington Foundation. The lab was completed in January of 2018.
- The Foundation assisted the College in securing funding to begin refurbishing 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 is relevant to 21st century learning including collaboration areas, updated technology and tutoring services. Funding support, which will begin in FY19 includes \$100,000 from the Library Services Technology Act Grant, \$25,000 from NV Energy and \$10,000 from a private donor. The Foundation continues to work to provide additional funding for this important project.

WESTERN NEVADA COLLEGE FOUNDATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018

Fundraising Events

- The second annual “Reach for the Stars Black Tie Gala” was held at the Jack C. Davis Observatory in August of 2017. 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 180 local community members and generating important fundraising efforts in support of the college. This event raised close to \$28,000 and continues to grow in popularity among local community members.
- The 19th Annual WNC Golf Classic tournament was, once again, supported by a partnership with Northern Nevada Development Authority and Server Technologies, emphasizing an important workforce development theme. Funds from this tournament exceeded \$25,000, drawing strong support from many local organizations and 124 golfers.
- A smaller event in Gardnerville was held at the Bonafede Ranch in May of 2018. The event allows 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. Eighty-four (84) students from eighteen (18) high schools graduated in May of 2018 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 funding for the Jump Start College program 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 Southwest Gas and Harley-Davidson Financial Services to provide funding needed to create a comfortable space on campus for the veterans, emergency student support, and funding / facilities for the Warm Springs Correctional Facility’s veteran inmate educational program.

In summary, fundraising events, campus improvements, investments, and scholarships have delivered great results in FY18 in order to support the strategic direction of the College. The Foundation is grateful to all the donors, partners, and the College faculty and staff who have contributed to 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, 2018

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 statement 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.

Total assets were \$2.92 million on June 30, 2016 and \$4.6 million on June 30, 2017. FY18 reflects a decline in total assets as compared to prior year due to the completion of the William N. Pennington Biophysical Science Laboratory which represents a \$1.4 million investment. As compared to FY16, total assets improved by 19% to \$3.4 million. Over the past two years, grant proposals, net event revenue, and investment management have contributed to an ongoing increase in Foundation assets.

The Foundation 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 \$133,000 in FY18, of which \$92,000 came from interest and dividends.

Operating revenues for the Foundation remains strong at just over \$2 million. Contributions were high 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. Additionally, the Foundation continues to escalate net event revenue from \$6,000 in FY16 to \$43,000 in FY18.

The end-of-year review/audit 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.

WESTERN NEVADA COLLEGE FOUNDATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018

Requests for Information

This financial report is designed to provide a general overview of the WNC Foundation's finances for all those with an interest in the Foundation's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the WNC 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, 2018

ASSETS

Current Assets	
Cash and cash equivalents	\$ 106,088
Restricted cash and cash equivalents	58,111
Pledges receivable, net	10,156
Total current assets	<u>174,355</u>
 Noncurrent Assets	
Restricted investments	3,294,307
Total assets	<u>\$ 3,468,662</u>

LIABILITIES AND NET POSITION

Current Liabilities	
Unexpended contributions	<u>\$ 3,352,418</u>
 Net Position	
Restricted	
Expendable	
Scholarship and college programs	54,960
Capital investments	3,151
Unrestricted	58,133
Total net position	<u>116,244</u>
Total liabilities and net position	<u>\$ 3,468,662</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, 2018

OPERATING SUPPORT AND REVENUE

Contributions		
Scholarships	\$	191,819
College programs		165,572
Capital investments		1,355,731
College support		179,545
Other contributions		18,647
Special events		79,492
Management fees		15,736
Total operating support and revenue		<u>2,006,542</u>

OPERATING EXPENSES

Program services		
Scholarships		214,709
College programs		147,436
Capital investments		1,355,731
Supporting services		
Administrative		230,773
Special events		35,616
Total operating expenses		<u>1,984,265</u>

Operating income 22,277

NON-OPERATING REVENUE

Investment earnings		<u>18,782</u>
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Change in Net Position 41,059

Net Position, beginning of year (restated)		75,185
Net Position, end of year	\$	<u><u>116,244</u></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, 2018

CASH FLOW FROM OPERATING ACTIVITIES	
Receipts from contributions	\$ 461,306
Receipts from special events	79,492
Receipts from management fees	15,736
Payments for college programs	(262,143)
Payments for capital investment	(1,355,731)
Payments for administrative	(51,228)
Payments for special events	(35,616)
Net cash used by operating activities	<u>(1,148,184)</u>
CASH FLOW FROM INVESTING ACTIVITIES	
Sale and maturities of investments	1,292,165
Purchases of investments	(2,962,460)
Interest and dividends on investments	13,244
Net cash used by investing activities	<u>(1,657,051)</u>
Net Decrease in Cash and Cash Equivalents	(2,805,235)
Cash and Cash Equivalents, Beginning of Year	2,969,434
Cash and Cash Equivalents, End of Year	<u>\$ 164,199</u>
Reconciliation of operating income (loss) to net cash from operating activities:	
Operating income	\$ 22,277
Adjustments to reconcile operating income to net cash provided (used) by operating activities	
Change in:	
Accounts receivable	856
Pledge receivables	3,744
Unexpended contributions	(1,175,061)
Net cash used by operating activities	<u>\$ (1,148,184)</u>
Operating income includes in-kind contributions and associated operating expenses of:	
Contribution for college program	\$ 100,272
College support for employee costs	171,180
College support for operating expenses	8,365
	<u>\$ 279,817</u>
Non-cash investing activities:	
Unrealized gain	<u>\$ 5,538</u>

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

WESTERN NEVADA COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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.

As further explained in Note 5, the Foundation changed its method of accounting for restricted contributions. Due to time and cost constraints of restating the June 30, 2017 financial statements the Foundation elected to report on the single year format for the year ended June 30, 2018.

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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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 2013.

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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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 10, 2018, 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, 2018, the carrying amount of the Foundation's cash in bank was \$153,733 and the bank balance was \$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 \$10,466 were uncollateralized at June 30, 2018.

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

	<u>2018</u>
Cash and money market funds	<u>\$ 164,199</u>
Investments	<u>3,294,307</u>
Total cash and investments	<u><u>\$ 3,458,506</u></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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

The investment policy allows the Foundation to invest its portfolio in equities, fix-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:

	2018
Mutual funds	\$ 2,992,583
Exchange-traded funds	301,724
	<u>\$ 3,294,307</u>

Investment earnings at June 30, is as follows:

	2018
Interest and dividends	\$ 92,016
Net realized and unrealized gains	41,060
	<u>133,076</u>
Restricted earnings reclassified to unexpended contributors	(114,293)
Net unrestricted investment earnings	<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, 2018, all investments are categorized in Level 1 of the fair value hierarchy.

WESTERN NEVADA COLLEGE FOUNDATION
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

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, 2018 consist of the following:

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

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, 2018 of \$179,545 and is included in the unrestricted fund as college support revenue and supporting services expense.

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

NOTE 5 – CHANGE IN ACCOUNTING POLICY FOR RESTRICTED CONTRIBUTIONS

Effective July 1, 2017 the Foundation changed its accounting policy to measure unexpended contributions. Previously, the Foundation recognized donor restricted contributions as revenue when received before the expiration of the restriction.

The change in policy has been made because it is management’s opinion recognizing donor restricted contributions when expended more accurately matches the Foundations revenue and expense from donor restricted contributions.

Below is a summary of the impact of the change in policy to the previous year.

	Original	Change	Restated
Unexpended contributions	\$ -	\$ 4,527,459	\$ 4,527,459
Net position	\$ 4,602,644	\$ (4,527,459)	\$ 75,185

SUPPLEMENTARY INFORMATION

WESTERN NEVADA COLLEGE FOUNDATION
SCHEDULE OF SUPPORTING ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

Accounting	\$	11,977
Allowance for pledge receivable		200
Bank service charges		2,414
Insurance		1,840
Membership		1,498
Miscellaneous		615
Public relations		13,493
Salaries and related fringe benefits		196,180
Supplies		2,556
	<u>\$</u>	<u>230,773</u>

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