

WESTERN NEVADA COLLEGE FOUNDATION

REVIEWED FINANCIAL STATEMENTS

JUNE 30, 2017

WESTERN NEVADA COLLEGE FOUNDATION
TABLE OF CONTENTS
JUNE 30, 2017

	<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.....	11
SUPPLEMENTARY INFORMATION:	
Schedules of General Supporting Expenses.....	16



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, 2017, which comprise the statement of net position as of June 30, 2017, 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 2016 Financial Statements

The 2016 financial statements were audited by us, and we expressed an unmodified opinion on them in our report dated September 2, 2016. We have not performed any auditing procedures since that date.

**INDEPENDENT ACCOUNTANT'S REPORT
CONTINUED**

Required Supplementary Information

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in United States of America. The management's discussion and analysis on pages 3 through 5 are presented for the purposes of additional analysis. 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. The supplementary information included in the accompanying Schedule of General Supporting Expenses on page 15 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but it has been compiled from the information that is the representation of management. We have not audited or reviewed the supplementary information, and accordingly, we do not express an opinion or provide any assurance on such supplementary information.

PANGBORN & CO., LTD.

Reno, Nevada
September 8, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

WESTERN NEVADA COLLEGE FOUNDATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

This section of Western Nevada College Foundation's annual financial report presents our discussion and analysis of the Foundation's financial activity for the year ended June 30, 2017. 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, Western Nevada College (WNC) Foundation has elevated community outreach, grant-writing efforts and event activity with the intent to improve contributions to Western Nevada College. As a result, Western Nevada College Foundation reported the following accomplishments for fiscal year ending June 30, 2017.

Scholarship Support

- Student scholarships awarded through the WNC Foundation for the 2016-2017 school year improved year over year by 24%, bringing total student scholarship support to \$198,000 for the year.
- WNC Foundation scholarship support continues to increase for the 2017-2018 school year with the establishment of ten new scholarships. Of these, two are funded by local businesses, three are memorial scholarships funded by local community members, three are funded through other regional and national charity foundations and two are funded by Western Nevada College faculty/staff. These new scholarships bring the total estimated amount to be awarded in 2017-2018 to over \$260,000. This is an increase of 30% as compared to the 2016-2017 school year. These scholarships will assist students pursuing nursing, technical and teaching degrees. Several of these scholarships were created to support student veterans, single mothers and those challenged with disabilities.
- Donors and students gathered at the annual “We Are Western” scholarship celebration to recognize student accomplishments and thank scholarship donors. The event allowed for fund-raising to cover the cost of the event while offering a motivational presentation, a BBQ dinner and other western-themed entertainment. Over 250 people were in attendance.

Facility Improvement

- WNC Foundation assisted Western Nevada College in developing funds to refurbish the Reynolds building. The goal of the project was to create a state-of-the-art manufacturing training area for the Applied Industrial Technology program. The project is scheduled for completion in the fall of 2017. To accomplish this, WNC Foundation pursued and was awarded \$50,000 grants from the EL Cord Foundation and NV Energy. An additional \$35,000 was provided from the Reynolds Foundation Endowment previously established with Western Nevada College Foundation. Total WNC Foundation contributions to the college for this project were \$135,000.
- WNC Foundation worked with the William N. Pennington Foundation to develop funding to refurbish the biophysical science labs located in the Aspen Building. These labs have not been updated since 1990. The project will double the size of the cadaver lab while creating a more functional chemistry lab. This is a \$1.46 million project funded through the generosity of the William N. Pennington Foundation. Completion is scheduled for December of 2017.

Fundraising Events

- The first annual “Reach for the Stars Black Tie Gala” was held at the Jack C. Davis Observatory. The observatory is located in a remote area of campus and is often over-looked by the community. The event allowed for promotion of the observatory, drawing over 120 local community members and generating important fund-raising efforts in support of the college. This event created close to \$20,000 in new funds.
- The 18th annual WNC Golf tournament was refreshed with a new Workforce Development theme supported by a partnership with Northern Nevada Development Authority. Funds from this tournament exceeded \$30,000, drawing strong support from 124 golfers.

WESTERN NEVADA COLLEGE FOUNDATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

Fundraising Events (Continued)

- A smaller event in Gardnerville was held at the Bonafede Ranch. The event generated over \$4,000 in new funds, allowing the WNC Foundation to reach out to the community in support of the Western Nevada College Douglas County campus.

Program Support

- WNC Jump Start College continues to expand, providing college access to students who otherwise may not have the opportunity. Eighty-nine (89) students graduated in May with both a high school diploma as well as an associate's degree from WNC. Enrollment in the Jump Start College program began in 2014 with 20 students at two high schools. As a result of the average 95% course completion rate, it has now grown to 445 students from 18 high schools throughout Nevada and represents over 20% of the college enrollment. WNC Foundation has assisted the college in developing Jump Start College funding by working with organizations such as the Rotary Club of Carson City and AT&T Foundation.
- 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. WNC Foundation has worked with private donors, such as Southwest Gas and Harley-Davidson Financial Services, to provide funding needed to create a comfortable space on campus for the veterans as well as emergency student support.

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.

Condensed Financial Information:

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.

WESTERN NEVADA COLLEGE FOUNDATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

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

	2017	2016	2017-2016	
			Change	% Change
Current assets	\$ 2,982,917	\$ 668,542	\$ 2,314,375	346%
Noncurrent Assets	1,619,747	2,248,263	(628,516)	-28%
Total Assets	\$ 4,602,664	\$ 2,916,805	\$ 1,685,859	58%
Restricted	\$ 4,547,107	\$ 2,853,534	\$ 1,693,573	59%
Unrestricted	55,557	63,271	(7,714)	-12%
Total Net Position	\$ 4,602,664	\$ 2,916,805	\$ 1,685,859	58%

Total net position increased by 58 percent in FY17 due primarily to funds provided from the William N. Pennington Foundation in support of the biophysical science lab renovation project. Increased grant-writing efforts, event revenue and improved investment management also contributed to the gains.

WNC Foundation issued a formal request for proposals for investment providers during the spring of 2016. After careful analysis of more than ten proposals by a sub-committee, Waddell & Reed Financial Advisors was chosen to manage investment assets in coordination with the WNC Foundation Finance Committee. This change occurred in January of 2017. The moderately conservative approach to portfolio management is working well for the Foundation with the primary priority being to produce income to meet established goals.

WESTERN NEVADA COLLEGE FOUNDATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	2017	2016	2017-2016	
			Change	% Change
Operating Revenues				
Contributions	\$ 1,842,483	\$ 318,073	\$ 1,524,410	479%
College support	167,634	189,363	(21,729)	-11%
Special events revenue	58,171	18,407	39,764	216%
Other operating revenue	23,689	3,803	19,886	523%
Total operating revenues	2,091,977	529,646	1,562,331	295%
Operating Expenses	586,231	678,884	(92,653)	-14%
Operating Income	1,505,746	(149,238)	1,654,984	n/a
Investment Earnings	180,113	46,175	133,938	290%
Change in Net Position	1,685,859	(103,063)	1,788,922	n/a
Net Position, beginning of year	2,916,805	3,019,868	(103,063)	-3%
Net Position, end of year	\$ 4,602,664	\$ 2,916,805	\$ 1,685,859	58%

Total Foundation operating revenue increased by 295 percent in FY17, due primarily to the \$1.46 million gift from the William N. Pennington Foundation. Efforts from the WNC Foundation and board of directors through fundraising events, work with private donors and solid management of investments has also contributed to the gain.

The end-of-year fiscal year review/audit process is a time for assessing past performance, celebrating successes, rethinking missed opportunities and strategizing for the year ahead. The result of the revenue increase in FY17 was a direct result of the Foundation's shift in board participation with regard to individual investments in the college, a new strategic plan that aligns with the college's mission and goals, and our commitment to recognize and build community relationships and partnerships necessary to continue to support Western Nevada College students and programs.

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
STATEMENTS OF NET POSITION
JUNE 30, 2017 (UNAUDITED) AND JUNE 30, 2016 (AUDITED)

	<u>2017</u> (Unaudited)	<u>2016</u> (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 50,731	\$ 62,415
Restricted cash and cash equivalents	2,918,703	591,195
Accounts receivable	4,826	856
Pledges receivable, net	8,657	14,076
Total current assets	<u>2,982,917</u>	<u>668,542</u>
Noncurrent Assets		
Pledges receivable, net	1,272	2,870
Restricted investments	1,618,475	2,245,393
Total noncurrent assets	<u>1,619,747</u>	<u>2,248,263</u>
Total assets	<u>\$ 4,602,664</u>	<u>\$ 2,916,805</u>
NET POSITION		
Restricted		
Expendable		
Scholarship and programs	\$ 3,973,376	\$ 2,306,972
Donald W. Reynolds Center for Technology	573,731	546,562
Unrestricted	55,557	63,271
Total net position	<u>\$ 4,602,664</u>	<u>\$ 2,916,805</u>

See accompanying notes and independent accountant's review report.

WESTERN NEVADA COLLEGE FOUNDATION
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017 (UNAUDITED) AND JUNE 30, 2016 (AUDITED)

	<u>2017</u> <u>(Unaudited)</u>	<u>2016</u> <u>(Audited)</u>
Operating Revenues		
Contributions	\$ 1,842,483	\$ 318,073
College support	167,634	189,363
Special events	58,171	18,407
Other operating revenue	23,689	3,803
Total operating revenue	<u>2,091,977</u>	<u>529,646</u>
Operating Expenses		
Program services		
Athletics	5,027	-
Scholarships	212,675	114,142
Other program services	147,731	347,712
General supporting expenses	190,982	204,551
Special events expense	29,816	12,479
Total operating expenses	<u>586,231</u>	<u>678,884</u>
Operating Income (Loss)	1,505,746	(149,238)
Non-Operating Revenue		
Investment earnings	180,113	46,175
Change in Net Position	1,685,859	(103,063)
Net Position, beginning of year	<u>2,916,805</u>	<u>3,019,868</u>
Net Position, end of year	<u>\$ 4,602,664</u>	<u>\$ 2,916,805</u>

See accompanying notes and independent accountant's review report.

WESTERN NEVADA COLLEGE FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017 (UNAUDITED) AND JUNE 30, 2016 (AUDITED)

	2017 (Unaudited)	2016 (Audited)
OPERATING ACTIVITIES		
Receipts from contributions	\$ 1,845,530	\$ 349,817
Receipts from special events	56,145	18,407
Receipts from other operations	23,689	3,803
Payments for program expenses	(365,434)	(461,854)
Payments for general supporting expenses	(21,321)	(14,418)
Payments for special events	(29,816)	(12,479)
Net Cash from (used for) Operating Activities	1,508,793	(116,724)
INVESTING ACTIVITIES		
Sale and maturities of investments	2,548,889	1,007,274
Purchases of investments	(1,812,640)	(1,099,599)
Interest and dividends on investments	70,782	91,902
Net Cash from (used for) Investing Activities	807,031	(423)
Net Change in Cash and Cash Equivalents	2,315,824	(117,147)
Cash and Cash Equivalents, Beginning of Year	653,610	770,757
Cash and Cash Equivalents, End of Year	\$ 2,969,434	\$ 653,610

See accompanying notes and independent accountant's review report.

WESTERN NEVADA COLLEGE FOUNDATION
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017 (UNAUDITED) AND JUNE 30, 2016 (AUDITED)

	<u>2017</u> <u>(Unaudited)</u>	<u>2016</u> <u>(Audited)</u>
Reconciliation of operating income (loss) to net cash from (used for) operating activities		
Operating income (loss)	\$ 1,505,746	\$ (149,238)
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities		
(Increase) decrease in:		
Accounts receivable	(3,970)	5,146
Pledge receivables	7,017	27,368
Net Cash from (used for) Operating Activities	<u>\$ 1,508,793</u>	<u>\$ (116,724)</u>
Summary of Cash Accounts		
Cash and cash equivalents	\$ 50,731	\$ 62,415
Restricted cash and cash equivalents	<u>2,918,703</u>	<u>591,195</u>
Total Cash and Cash Equivalents	<u>\$ 2,969,434</u>	<u>\$ 653,610</u>
Supplementary Information		
Operating income (loss) includes in-kind contributions and associated operating expenses of:		
Contribution	\$ -	\$ 14,031
College support for employee costs	158,466	154,828
College support for operating expenses	9,167	21,274
	<u>\$ 167,633</u>	<u>\$ 190,133</u>
Non-cash distributions made to College	<u>\$ -</u>	<u>\$ 14,031</u>

See accompanying notes and independent accountant's review report.

WESTERN NEVADA COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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

Contributions, gifts and pledges are recognized as revenue when they are received or unconditionally pledged. Contributions received are recorded as unrestricted or restricted, including both expendable and nonexpendable resources, depending on the existence and/or nature of any donor restrictions.

WESTERN NEVADA COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017

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 8, 2017, 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.

Reclassification

Certain amounts in the financial statements as of June 30, 2016 have been reclassified to conform to the presentation as of June 30, 2017.

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, 2017 and 2016, the carrying amount of the Foundation's cash in bank was \$1,615,155 and \$108,492, respectively, and the bank balance was \$1,625,176 and \$109,907, respectively.

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 \$688,766 and \$0 were uncollateralized at June 30, 2017 and 2016, respectively.

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

	2017	2016
Cash and money market funds	\$ 2,969,434	\$ 648,882
Mutual funds	1,618,475	2,250,121
Total cash and investments	<u>\$ 4,587,909</u>	<u>\$ 2,899,003</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, 2017

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:

	<u>2017</u>	<u>2016</u>
Equity funds	\$ 1,380,098	\$ 476,390
Bond funds	-	1,445,567
Exchange-traded funds	<u>238,377</u>	<u>323,436</u>
	<u>\$ 1,618,475</u>	<u>\$ 2,245,393</u>

Investment income at June 30, is as follows:

	<u>2017</u>	<u>2016</u>
Investment income	\$ 70,782	\$ 98,740
Net realized and unrealized gains (losses)	<u>109,331</u>	<u>(52,565)</u>
	<u>\$ 180,113</u>	<u>\$ 46,175</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, 2017 and 2016, all investments are categorized in Level 1 of the fair value hierarchy.

WESTERN NEVADA COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017 and 2016 consist of the following:

	2017	2016
Programs and scholarships	\$ 9,883	\$ 20,980
Unrestricted	4,140	950
	14,023	21,930
Allowance for uncollectible promises to give	(3,364)	(3,364)
Present value discount	(730)	(730)
Net pledges receivable	9,929	17,836
Less: current maturities	(8,657)	(14,076)
Long-term portion	\$ 1,272	\$ 3,760
Amounts due in:		
Less than one year	\$ 8,657	\$ 17,147
One to five years	5,366	4,783
	\$ 14,023	\$ 21,930

A discount rate of 3% was applied to the pledge receivable at year-end.

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, 2017 and 2016 of \$167,633 and \$176,102, respectively. These amounts are included in the unrestricted fund as College support revenue and general supporting expenses.

The Foundation expended \$368,439 and \$431,115 for programs and activities of the College for the year ended June 30, 2017 and 2016, respectively.

SUPPLEMENTARY INFORMATION

WESTERN NEVADA COLLEGE FOUNDATION
SCHEDULE OF GENERAL SUPPORTING EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017 (UNAUDITED) AND JUNE 30, 2016 (AUDITED)

	2017 (Unaudited)	2016 (Audited)
General Supporting Expenses		
Accounting	\$ 12,800	\$ 9,250
Allowance for pledge receivable	-	4,117
Bank service charges	1,951	559
College in-kind contributions		
Salaries and related fringe benefits	158,469	154,831
Other	11,193	14,031
Fees	-	50
Host/retreat	494	3,472
Insurance	1,997	1,833
Membership	330	438
Miscellaneous	900	4,262
Public relations	2,769	11,659
Supplies	79	49
	\$ 190,982	\$ 204,551

See accompanying notes and independent accountant's review report.