

WESTERN NEVADA COLLEGE FOUNDATION

FINANCIAL STATEMENTS

JUNE 30, 2022

WESTERN NEVADA COLLEGE FOUNDATION  
JUNE 30, 2022

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Western Nevada College Foundation

### Opinion

We have audited the accompanying financial statements of Western Nevada College Foundation, a component unit of Western Nevada College, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Western Nevada College Foundation's basic financial statements as listed in the table of contents.

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, 2022, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Western Nevada College Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Other Matter

The June 30, 2021 financial statements were reviewed by other accountants and their report thereon, dated September 17, 2021, stated they were not aware of any material modifications that should be made to those statements for them to be in accordance with accounting principles generally accepted in the United States of America. A review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements as a whole.

### Responsibilities of Management for the Financial Statements

Western Nevada College Foundation's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Western Nevada College Foundation's ability to continue as a going concern for one year after the date that the financial statements are issued.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Western Nevada College Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Western Nevada College Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not 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.

**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Western Nevada College Foundation's basic financial statements. The supplementary information included in the accompanying Schedule of Supporting Administrative Expenses on page 20 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Supporting Administrative Expenses is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Supporting Administrative Expenses is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Bernard Vogler & Co*

Reno, Nevada  
August 25, 2022



WESTERN NEVADA COLLEGE FOUNDATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2022

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This section of Western Nevada College Foundation's ("WNCF") annual financial report presents discussion and analysis of the Foundation's financial activity for the year ending June 30, 2022. Please review this discussion in conjunction with the accompanying financial statements and related footnotes. Foundation management is responsible for this discussion, analysis and its corresponding completeness and fairness.

During the past year, Western Nevada College (WNC) Foundation has continued to focus on community outreach, grant-writing efforts, and special events with the intent of improving contributions to and investments in WNC. This past fiscal year has presented new opportunities and challenges as Covid-19 measures were lifted and the financial markets experienced uncertainty due to supply chain issues and inflation. WNC Foundation refocused and placed a priority on community outreach and grant requests in order to develop critical funding to support rapidly changing college needs and supporting training students for a changing workforce. The WNC Foundation's efforts are aligned with the WNC leadership and strategic plan, and FY 2021-2022 represents one of the top years for investing directly in WNC and its students. Western Nevada College Foundation reports the following accomplishments for fiscal year ending June 30, 2022.

#### Scholarship Support

Student scholarship dollars awarded through the WNC Foundation for the 2021-22 academic year improved year-over-year by 30%, bringing total scholarship support to a record high of \$876,021 for the year. Highlights include:

- William N. Pennington Foundation generously funded \$250,000 toward career and technical education scholarships designed to improve the well-being of the community by offering students with financial need the opportunity to redefine their careers by gaining technical skills leading to meaningful employment. The WNC Foundation was able to help 131 students with this scholarship.
- The Drs. Sandra Koch and Tim McFarren Nursing Scholarship was established following a \$250,000 donation, benefiting students for years to come through an endowment created within the WNC Foundation thanks to the generosity of Drs. Sandra Koch and Tim McFarren.
- Carol and George Del Carlo supported Western Nevada College with a generous \$50,000 donation in order to start a scholarship endowment supporting WNC rural students residing in Nevada with financial need. This donation inspired many other donations throughout the community in support of this scholarship.
- A donor wishing to remain anonymous created the New Beginnings Scholarship endowment with a \$65,000 donation that will support a single parent student studying nursing.
- The Native First Scholarship was established by WNC employee Lorraine Plympton who created this scholarship for Indigenous students with a monthly donation from her own paycheck. Her generosity and vision for this scholarship inspired an additional \$17,000 in funding from the local community including WNC Foundation Board members.

The 2022 WNC Foundation scholarship magazine, We Are Western, recognizes WNC scholarship donors as well as over 500 students who received scholarship support through the WNC Foundation.

WNC Foundation is forecasting that more than \$900,000 will be awarded for the 2022-2023 academic year as fundraising efforts have resulted in the establishment of 12 new scholarships.

WESTERN NEVADA COLLEGE FOUNDATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2022

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### Campus Improvements

Improvements to Western Nevada College's beautiful campuses continue to enhance students' experiences. Highlights include:

- A \$941,244 capital project renovated and expanded the Biology/Chemistry Lab at the WNC Fallon Campus and created an HVAC Lab at the WNC Fallon Campus, funded through the generosity of the William N. Pennington Foundation. The science lab had not been updated since 1992 and now facilitates 21st century learning, features state-of-the-art technology and lab design and increases WNC's capacity to serve students. The HVAC Lab is new to campus and has allowed the college to train students for important careers in heating, ventilation and air conditioning maintenance.
- The Wildcat Reserve student food pantry supplies nonperishable toiletries and groceries to students in need. Established in 2020, services were provided throughout the pandemic and offered hands-free, online ordering with curbside pick-up. This initiative has been funded through a grant from NV Energy in addition to private donors, totaling nearly \$20,000 over the past fiscal year. Every fall the Associated Students of Western Nevada hold a food and hygiene drive to help stock the pantry.
- NV Energy Foundation also generously donated \$25,000 to establish a Diversity, Equity and Inclusion Center on campus. This new center on campus will provide enriching and educational opportunities for students to engage in intercultural dialogue, enhance understanding and global awareness, and contribute to the creation of an inclusive and multicultural community.

### Fundraising Events

WNC Foundation continues to produce quality events that engage the local community while producing important revenue to meet college and student needs. Highlights include:

- The fifth annual "Reach for the Stars Black Tie Gala" was not held in 2021 due to COVID-19 restrictions and is planned for the summer/fall of 2022. This marquee event has generated nearly \$100,000 annually in unrestricted revenue and represents important funding for the Foundation.
- The annual WNC Golf for Education Tournament was once again supported by lead sponsor Southwest Gas as well as local community sponsors, emphasizing workforce development. Funds from the tournament exceeded \$40,000, drawing strong support from many local organizations and community members. The tournament was sold out with 144 players participating at Toiyabe Golf Club.
- 2021 marked the college's 50th anniversary serving Northern Nevada. A series of events celebrated the important milestone.
  - A small outdoor fundraising event was held in August of 2022 to celebrate WNC's 50<sup>th</sup> Anniversary thanks to the generosity of the Del Carlo family.
  - "Thanks for Giving" was a small event held in the WNC Library in November of 2022 to thank donors for their generosity.
  - WNC Foundation worked with the WNC Art Program to design commemorative note cards.

WESTERN NEVADA COLLEGE FOUNDATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2022

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### Program Support

Western Nevada College is known for its innovative approaches to learning and allows the college to offer a high-quality educational experience. WNC Foundation is proud to support the college in this endeavor, offering the following key points:

- William N. Pennington Foundation generously funded \$352,732 toward WNC Jump Start College tuition for low-income students in Spring 2021, Fall 2021 and Spring of 2022 semesters. Following the state's elimination of the Career and College Readiness Grant support, this generous investment from the William N. Pennington Foundation has allowed partner high schools to continue to offer dual enrollment options to students without the financial means necessary to continue on their own. WNC Jump Start College continues to provide college access to exceptional high school students, many of whom earn their associates degree prior to obtaining their high school diploma.
- Western Nevada College has outgrown its current website and has received a \$50,000 donation from the Lumina Foundation to update the site to allow students and the community easier access to Western Nevada College resources. The new site will be live in 2023.
- Western Nevada College received a grant to extend its Commercial Driver's License (CDL) program from the Fallon campus to the Carson City campus. WNC Foundation has provided important scholarship funding in order to support low-income students through this program, allowing them to pursue a career that is compensated well and important to local employers.

### Financial Statements

The basic financial statements of the Foundation are the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, the Statement of Cash Flows and the notes to the financial statements. The Statement of Net Position includes all assets, deferred outflows, liabilities, deferred inflows and net position. It is prepared under the accrual basis of accounting, regardless of when cash is exchanged. The Statement of Revenues, Expenses and Changes in Net Position presents the revenues earned and expenses incurred during the year. The Statement of Cash Flows presents information related to cash inflow and outflow resulting from the Foundation's operating activities and investing activities for the year ended June 30, 2022.

### Statement of Net Position

This statement is presented in three major categories, namely assets, liabilities and net position. The Foundation does not have amounts that meet the criteria of deferred outflows or deferred inflows. The assets are classified between current and non-current assets. The current assets primarily consist of cash and cash equivalents while the non-current assets include restricted investments. Current liabilities represent obligations due within one year and unexpended contributions. The Foundation has no long-term debt.

The following is a summary of the Statements of Net Position for the fiscal years ended June 30:

	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>Percentage</u>
Current assets	\$ 706,687	\$ 1,634,794	\$( 928,107)	(57%)
Non-current assets	<u>4,730,021</u>	<u>5,082,625</u>	<u>( 352,604)</u>	( 7%)
Total assets	5,436,708	6,717,419	(1,280,711)	(19%)
Current liabilities	<u>5,124,908</u>	<u>6,290,541</u>	<u>(1,165,633)</u>	(19%)
Net position – Unrestricted	\$ <u>311,800</u>	\$ <u>426,878</u>	\$( <u>115,078)</u>	(27%)



WESTERN NEVADA COLLEGE FOUNDATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2022

Statement of Net Position (continued)

Assets and liabilities decreased primarily due to an unrealized loss in the investment portfolio of \$703,403 and endowment decreases from capital projects.

Statement of Revenues, Expenses and Changes in Net Position

The statement of revenues, expenses and changes in net position reflects the results of operations for the fiscal year. The statement is broken down into three categories: operating revenues, operating expenses and nonoperating revenues which consist of investment income (loss).

The following is a summary of the operating results for the fiscal years ended June 30:

	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>Percentage</u>
Operating revenues				
Contributions	\$ 2,029,212	\$ 1,288,467	\$ 740,745	57%
Other contributions	752	35,378	( 34,626)	( 98%)
Special events revenue	52,702	46,716	5,986	13%
Management fees	<u>21,907</u>	<u>17,297</u>	<u>4,610</u>	<u>27%</u>
Total operating revenues	2,104,573	1,387,858	716,715	52%
Operating expenses				
Program expenses				
Scholarships	876,021	674,685	201,336	30%
College programs	112,009	121,168	( 9,159)	( 8%)
Capital investments	<u>811,009</u>	<u>287,610</u>	<u>523,399</u>	<u>182%</u>
Total program expenses	1,799,039	1,083,463	715,576	66%
Administrative and special events	<u>337,862</u>	<u>281,817</u>	<u>56,045</u>	<u>20%</u>
Total operating expenses	<u>2,136,901</u>	<u>1,365,280</u>	<u>771,621</u>	<u>57%</u>
Operating income (loss)	( 32,328)	22,578	( 54,906)	(243%)
Investment income (loss)	( 82,750)	<u>175,914</u>	(258,664)	(147%)
Change in net position	( 115,078)	198,492	(313,570)	(158%)
Net position, beginning of year	<u>426,878</u>	<u>228,386</u>	<u>198,492</u>	<u>87%</u>
Net position, end of year	<u>\$ 311,800</u>	<u>\$ 426,878</u>	<u>\$ (115,078)</u>	<u>( 27%)</u>

Contributions increased year over year primarily due to increased scholarships awarded and capital projects to expand the biology/chemistry lab and creating an HVAC lab at the WNC Fallon campus. Net Position for the year decreased primarily due to unrealized investment losses attributed to the Foundation.

Requests of 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](mailto:Niki.Gladys@wnc.edu)  
775-445-3240  
775-445-4472 Fax

WESTERN NEVADA COLLEGE FOUNDATION  
STATEMENT OF NET POSITION  
JUNE 30, 2022 AND 2021

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	2022 (Audited)	2021 (Unaudited)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 407,222	\$ 1,416,418
Restricted cash and cash equivalents	279,591	218,376
Prepaid expenses	19,874	-
Total current assets	<u>706,687</u>	<u>1,634,794</u>
NONCURRENT ASSETS		
Restricted investments	<u>4,730,021</u>	<u>5,082,625</u>
Total assets	<u>\$ 5,436,708</u>	<u>\$ 6,717,419</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Unearned revenue	\$ 40,475	\$ 7,500
Unexpended contributions	<u>5,084,433</u>	<u>6,283,041</u>
Total current liabilities	<u>5,124,908</u>	<u>6,290,541</u>
NET POSITION		
Unrestricted	<u>311,800</u>	<u>426,878</u>
Total liabilities and net position	<u>\$ 5,436,708</u>	<u>\$ 6,717,419</u>

See accompanying notes

WESTERN NEVADA COLLEGE FOUNDATION  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

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	2022 (Audited)	2021 (Unaudited)
<b>REVENUES</b>		
Operating revenues		
Scholarships	\$ 876,021	\$ 674,685
College programs	112,009	121,168
Capital investments	811,009	287,610
College support	230,173	205,004
Other contributions	752	35,378
Special events	52,702	46,716
Management fees	21,907	17,297
Total operating revenues	<u>2,104,573</u>	<u>1,387,858</u>
<b>EXPENSES</b>		
Operating expenses		
Program services		
Scholarships	876,021	674,685
College programs	112,009	121,168
Capital investments	811,009	287,610
Total operating expenses	<u>1,799,039</u>	<u>1,083,463</u>
Supporting services		
Administrative	316,442	265,707
Special events	21,420	16,110
Total supporting services	<u>337,862</u>	<u>281,817</u>
Total expenses	<u>2,136,901</u>	<u>1,365,280</u>
Operating income (loss)	(32,328)	22,578
<b>NONOPERATING REVENUES</b>		
Investment income (loss)	<u>(82,750)</u>	<u>175,914</u>
Change in net position	(115,078)	198,492
NET POSITION, beginning of year	<u>426,878</u>	<u>228,386</u>
NET POSITION, end of year	<u>\$ 311,800</u>	<u>\$ 426,878</u>

See accompanying notes

WESTERN NEVADA COLLEGE FOUNDATION  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

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	<u>2022</u> (Audited)	<u>2021</u> (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from contributions	\$ 1,192,017	\$ 2,304,101
Receipts from special events	29,929	40,065
Receipts from management fees	21,907	17,297
Payments for college scholarships and programs	(965,257)	(789,202)
Payments for capital investment	(811,009)	(287,610)
Payments for administrative	(86,269)	(54,083)
Payments for special events	(41,294)	(16,110)
Net cash provided (used) by operating activities	<u>(659,976)</u>	<u>1,214,458</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sales and maturities of investments	533,732	804,057
Purchases of investments	(1,186,597)	(1,150,439)
Investment earnings	364,860	245,929
Net cash provided (used) by investing activities	<u>(288,005)</u>	<u>(100,453)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(947,981)	1,114,005
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>1,634,794</u>	<u>520,789</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u><u>\$ 686,813</u></u>	<u><u>\$ 1,634,794</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (32,328)	\$ 22,578
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Change in assets and liabilities:		
(Increase) decrease in:		
Pledges receivable	-	6,620
Prepaid expenses	(19,874)	-
Increase (decrease) in:		
Unearned revenue	32,975	
Unexpended contributions	(640,749)	1,185,260
Net cash provided (used) by operating activities	<u><u>\$ (659,976)</u></u>	<u><u>\$ 1,214,458</u></u>
Operating income includes in-kind contributions and associated operating expenses of:		
Contribution for college program	\$ 22,773	\$ 6,651
College support for employee costs	215,625	192,122
College support operating expenses	14,548	12,882
	<u><u>\$ 252,946</u></u>	<u><u>\$ 211,655</u></u>
Non-cash investing activities:		
Unrealized gain (loss)	<u><u>\$ (703,403)</u></u>	<u><u>\$ 914,554</u></u>

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

WESTERN NEVADA COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Western Nevada College Foundation (the "Foundation") is a nonprofit corporation incorporated in the State of Nevada in 1992. The purpose of the Foundation is to solicit, receive and manage funds for the benefit of the Western Nevada College (the "College") and its affiliates, which are exempt from federal income taxation. The contributors to the Foundation are located primarily in northern Nevada.

Basis of Presentation and Accounting

The Foundation is a component unit of Western Nevada College and prepares its financial statements in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, requires the Foundation to apply all applicable GASB pronouncements and, unless they conflict with or contradict GASB pronouncements, all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989. Accordingly, the Foundation has not applied FASB pronouncements issued after that date.

Since the Foundation's funds are considered to be enterprise funds for financial reporting purposes, the Foundation follows the accrual basis of accounting, wherein revenues are recorded as earned and expenses are recorded as incurred.

The Foundation has implemented GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. Statement No. 35 establishes a fundamentally new financial reporting model for all public colleges and universities.

Cash and Cash Equivalents

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

WESTERN NEVADA COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. 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.

Net Position Classification

Equity is classified as net position and displayed in the three following components, as applicable:

Net investment in capital assets – consists of capital assets, net of accumulated depreciation and reduced by any outstanding balance of bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those 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* – 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.

The Foundation considers donor contributions received for scholarships, college programs, and capital investments as liabilities until transferred to the College or used for their intended purpose and are reflected in unexpended contributions.

The Foundation receives many gifts that are restricted by the donors for various scholarships, college programs, and capital investments. Such amounts are included in liabilities as unexpended contributions in the accompanying financial statements until disbursements are approved by the Board of Regents and the funds are transferred to the pooled funds maintained by the Nevada System of Higher Education (NSHE) for the benefit of Western Nevada College. Once transferred, the donor funds are no longer reflected in the Foundation's financial statements and are subject to NSHE's investment policies.

WESTERN NEVADA COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Unrestricted donations and gifts are generally recognized as income in the period in which they are pledged or received. Restricted donations and gifts that are 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.

Restricted promises to give are reflected as unexpended contributions until actually received and used for their intended purpose. Amounts are reflected as current and noncurrent assets based upon the terms of the pledges. There are no restricted promises to give for the years ended June 30, 2022 and 2021.

The allowance for doubtful accounts is based upon management's estimation of collectability and payment histories. As there are no promises to give at June 30, 2022 and 2021 no allowance for doubtful accounts is included in the accompanying financial statements.

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

Unearned Revenue

Unearned revenue consists of contributions for the Reach for the Stars Gala and golf tournament that the Foundation has received in advance of the events.

Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made. The Internal Revenue Service classifies the Foundation as an organization other than a private foundation. The Foundation has not engaged in activities that result in unrelated business income tax.

Donated Assets, Services and Related Party Transactions

Donated assets are recorded at fair market value at the date of donation. Donated assets are not recorded if their current use by the Foundation has been denied until later periods. The Foundation recognizes the donation of services only if the services received (a) would be performed by salaried personnel if not contributed; (b) are controlled similar to employment; (c) have a clearly measurable basis; and (d) are not intended for the benefit of its members. The value of the donated services provided by the College for Foundation personnel is reflected in the accompanying financial statements for the years ended June 30, 2022 and 2021 in the amount of \$215,625 and \$192,122, respectively.



WESTERN NEVADA COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Assets, Services and Related Party Transactions (continued)

The members of the Board of Trustees donate their services to the Foundation. The financial statements do not reflect the value of these services, as there is no objective basis by which to measure their value.

The College donates the use of the facilities and utilities used by the Foundation. No formal lease agreement exists between the College and the Foundation. The value of the donated facilities and utilities is recorded at fair market value and is reflected in the accompanying financial statements in the amount of \$14,548 and \$12,882 for the years ended June 30, 2022 and 2021, respectively.

Other in-kind donations totaling \$22,773 and \$6,651 for the years ended June 30, 2022 and 2021, respectively, include various materials and supplies for the use of College programs and the Foundation's operations. Such amounts are included in support and program expenses in the accompanying financial statements.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications

Certain prior year amounts may have been reclassified to conform to the current year financial statement presentation.

Subsequent Events

In preparing the financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through August 25, 2022, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

NOTE 2 - CONCENTRATION OF CASH AND INVESTMENTS

The Foundation maintains its cash accounts in commercial banks in Reno, Nevada. The demand deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each institution.

The Foundation also maintains cash in a brokerage firm located in Reno, Nevada. The account is insured by the Securities Investor Protection Corporation (SIPC) up to \$100,000 in cash. Excess cash balances are uninsured and uncollateralized and are thereby exposed to custodial credit risk. From time to time bank balances may exceed federally insured limits.

The fair value of investments is \$4,730,021 and \$5,082,625 at June 30, 2022 and 2021, respectively. Such investments in mutual funds and exchange traded funds are maintained in accordance with the Foundation's investment policy

WESTERN NEVADA COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

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NOTE 2 - CONCENTRATION OF CASH AND INVESTMENTS (Continued)

*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.

NOTE 3 - FAIR VALUE OF INVESTMENTS

GASB 72, Fair Value Measurement and Application, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The Foundation has no investments that are valued using Level 3 inputs. The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 – Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

WESTERN NEVADA COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

NOTE 3 - FAIR VALUE OF INVESTMENTS (Continued)

The following table sets forth, by level within the fair value hierarchy, the Foundation's investments at fair value as of June 30:

	2022		2021	
	Maturities (in years)		Maturities (in years)	
	Level 1	Less than 1	Level 1	Less than 1
Mutual funds	\$ 4,446,680	\$ 4,446,680	\$ 4,727,668	\$ 4,727,668
Exchange- traded funds	283,341	283,341	354,957	354,957
	<u>\$ 4,730,021</u>	<u>\$ 4,730,021</u>	<u>\$ 5,082,625</u>	<u>\$ 5,082,625</u>

Investment earnings at June 30, is as follows:

	2022	2021
Interest and dividends	\$ 364,860	\$ 245,929
Net realized and unrealized gains (losses)	(703,403)	914,554
	<u>\$ (338,543)</u>	<u>\$ 1,160,483</u>
Restricted (earnings) loss reclassified to unexpended contributions	255,793	(984,569)
Net unrestricted investment earnings (loss)	<u>\$ (82,750)</u>	<u>\$ 175,914</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 budgeted spending are retained in the endowment corpus.

NOTE 4 - UNEXPENDED CONTRIBUTIONS

Unexpended contributions consist of amounts received and pledges made, which are earmarked by the donors for specific application. Revenue is recognized only as the funds are expended for their designated purposes.

WESTERN NEVADA COLLEGE FOUNDATION  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2022

NOTE 4 - UNEXPENDED CONTRIBUTIONS (Continued)

Unexpended contributions are restricted for the following purposes at June 30:

2022			
Scholarships	College Programs	Capital Investments	Total
\$ 1,709,433	\$ 3,375,000	\$ -	\$ 5,084,433
2021			
Scholarships	College Programs	Capital Investments	Total
\$ 1,361,115	\$ 4,110,917	\$ 811,009	\$ 6,283,041

## SUPPLEMENTARY INFORMATION

WESTERN NEVADA COLLEGE FOUNDATION  
SCHEDULE OF SUPPORTING ADMINISTRATIVE EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2022 (AUDITED) AND 2021 (UNAUDITED)

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	<u>2022</u> <u>(Audited)</u>	<u>2021</u> <u>(Unaudited)</u>
College in-kind contributions		
Salaries and related fringe benefits	\$ 215,625	\$ 192,122
Occupancy	14,548	12,882
Accounting	11,040	3,846
Allowance	-	6,620
Bank service charges	4,264	3,426
Insurance	-	2,259
Membership	4,980	5,122
Miscellaneous	657	210
Public relations	5,685	6,634
Software	-	426
Staffing	57,772	30,914
Supplies	1,871	1,246
	<u>1,871</u>	<u>1,246</u>
Total administrative expenses	<u>\$ 316,442</u>	<u>\$ 265,707</u>

See accompanying notes