

**Western Nevada College  
Foundation**

**Financial Statements**

**And**

**Report of Independent Auditor**

**Fiscal Years Ended June 30, 2010  
and 2009**

Western Nevada College Foundation

Financial Statements  
And  
Report of Independent Auditor

For the Years Ended June 30, 2010 and 2009

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**KAFOURY, ARMSTRONG & CO.**  
A PROFESSIONAL CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
Western Nevada College Foundation

We have audited the accompanying financial statements of the Western Nevada College Foundation, a component unit of the Western Nevada College, as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the Foundation's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement position. We believe our audit provides a reasonable basis for our 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, 2010 and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The June 30, 2009 financial statements were reviewed by us, and our report thereon, dated October 12, 2009 stated we were not aware of any material modifications that should be made to those statements for them to be in conformity with generally accepted accounting principles. However, 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 taken as a whole.

The management discussion and analysis on pages 2i-v is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. Accordingly, we do not express an opinion on it.

*Kafoury, Armstrong & Co.*

Fallon, Nevada  
September 29, 2010

**Western Nevada College Foundation**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the year ended June 30, 2010**

## **Management's Discussion and Analysis**

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, 2010. 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.

## **Financial Highlights**

- Employee giving continues to grow with 2009-2010's 61% being the highest percentage of employees giving since the inception of the employee giving campaign in 1994. The committee has met the goal of increasing employee giving five percent each year since 2005 with the exception of 2008 when there was a three percent decrease. In 2009-2010, the increase was 11%. Dollars raised are very impressive and demonstrates strong commitment from employees toward the mission of the college.
- Western Nevada College students got the opportunity to personally thank the individuals who are helping them earn a college degree at the WNC Foundation's tenth annual Scholarship Appreciation & Recognition Reception. The event celebrated the success of **148** students who received a total of **\$112,215** in scholarship awards.
- The WNC Foundation Finance Committee's work on evaluating and realigning the investment portfolio paid off as this year the earnings were in the positive by \$142,343 compared to the FY2009 loss of almost \$200,000.00. The Finance Committee also implemented a new spending policy designed to ensure the long term viability of its scholarship and equipment endowments.

## **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 Assets* – 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 assets*;
- ▶ *Statements of Revenues, Expenses, and Changes in Net Assets* – 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; and
- ▶ *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.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

## **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 assets might generally be associated with an improved financial position. Conversely, a decrease in net assets 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 assets by type:

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

**Nonexpendable net assets**, 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 assets.

**Expendable net assets** 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 assets** 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.

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

**Condensed Statements of Net Assets**  
**June 30, 2010, 2009 and 2008**

Western Nevada College Foundation  
Condensed Statements of Net Assets

	2010	2009	2008	2009-2010		2008-2009	
				Change	% Change	Change	% Change
Current assets	\$ 1,194,352	\$ 1,134,184	\$ 1,132,061	\$ 60,168	5.30%	\$ 2,123	0.19%
Other noncurrent assets	\$ 1,337,558	\$ 1,362,054	\$ 1,628,164	\$ (24,496)	-1.80%	\$ (266,110)	-16.34%
Total assets	\$ 2,531,910	\$ 2,496,238	\$ 2,760,225	\$ 35,672	1.43%	\$ (263,987)	-9.56%
Liabilities	\$ 30,698	\$ -	\$ -	\$ 30,698	0.00%	\$ -	0.00%
Net assets							
Restricted							
Nonexpendable	\$ 568,568	\$ 542,154	\$ 611,425	\$ 26,414	4.87%	\$ (69,271)	-11.33%
Expendable	\$ 1,895,549	\$ 1,930,027	\$ 2,069,741	\$ (34,478)	-1.79%	\$ (139,714)	3.00%
Unrestricted	\$ 36,825	\$ 24,057	\$ 79,059	\$ 12,768	53.07%	\$ (55,002)	-69.57%
Total net assets	\$ 2,500,942	\$ 2,496,238	\$ 2,760,225	\$ 4,704	0.19%	\$ (263,987)	-9.56%

Total net assets increased by less than one percent in FY10 as compared to a 9.5% decrease in FY09. Considering the abysmal state economy in Nevada, the WNC Foundation is pleased to be holding fairly steady.

All assets are managed in coordination with the WNC Foundation Finance Committee and Charles Schwab Private Client. The moderately conservative approach to portfolio management has worked well for the Foundation with the main priority being to produce income to meet established goals.

Condensed Statements of Revenues, Expenses, and Changes in Net Assets  
For the Year Ended June 30, 2010, 2009 and 2008

	2010	2009	2008	2009-2010		2008-2009	
				Change	Change	Change	Change
Operating Revenues							
Foundation gifts/contributions	\$ 678,613	\$ 809,300	\$ 856,524	\$ (130,687)	-16%	\$ (47,224)	-6%
Total Operating Revenues	\$ 678,613	\$ 809,300	\$ 856,524	\$ (130,687)	-16%	\$ (47,224)	-6%
Operating Expenses	\$ 816,252	\$ 873,410	\$ 2,266,479	\$ (57,158)	-7%	\$ (1,393,069)	-61%
Operating Income	\$ (137,639)	\$ (64,110)	\$ (1,409,955)	\$ (73,529)	115%	\$ 1,345,845	-95%
Nonoperating Revenue (Expense)							
Allowance for pledge receivable	\$ -	\$ -	\$ -	\$ -	0%	\$ -	
Investment Earnings	\$ 142,343	\$ (199,877)	\$ (133,650)	\$ 342,220	-171%	\$ (66,227)	50%
Total increase (decrease) in net assets	\$ 4,704	\$ (263,987)	\$ (1,543,605)	\$ 268,691	-102%	\$ 1,279,618	-83%
Net Assets							
Net assets, beginning of year	\$ 2,496,238	\$ 2,760,225	\$ 4,303,830	\$ (263,987)	-10%	\$ (1,543,605)	-36%
Net assets, end of year	\$ 2,500,942	\$ 2,496,238	\$ 4,303,830	\$ 4,704	0%	\$ (1,807,592)	-42%

The Foundation decreased its overall fundraising revenue by 16% in FY10 as compared to a 6% decrease in FY09. The Foundation continues to work diligently to retain their donors and feel their efforts have paid off with respect to the current economic conditions in the state of Nevada.

The WNC Foundation Finance Committee's work on evaluating and realigning the investment portfolio paid off as this year the earnings were in the positive by \$142,343 compared to the FY2009 loss of almost \$200,000.00. The Finance Committee also implemented a new spending policy designed to ensure the long term viability of its scholarship and equipment endowments.

The end-of-year fiscal year audit process is a time for assessing past performance, celebrating successes, and rethinking missed opportunities. Adjusting long-term strategies and goals in response to this analysis will be essential in effectively managing and measuring the WNC Foundation's and Development and External Affairs financial and organizational success and in charting its future. Overall, the department functions fairly effectively but needs to realign itself better to maximize results.

We must be careful though not just to focus on comparative dollars raised from campaign to campaign or year to year. The impacts of relationship building, partnerships, and strategic alliances are crucial to the success, yet are difficult to measure.

## **Economic Factors That Will Affect the Future**

We are at a crossroads in Nevada. Our economy is spiraling downward and the expected state budget deficit exceeds \$3 billion, over half of the current budget. People are losing their jobs and their homes at a record rate. Nevada's unemployment rate of 14.2% is the highest in the country and the March 2010 foreclosure rates were 3.5 times the national average making Nevada number one in that area as well. WNC has a fundamental responsibility not only to the economic health of the state of Nevada, but to its residents by providing graduates with the skills needed to be effective in a global, increasingly competitive economy. Our state requires workers who are more productive and resilient than in earlier times. This means they must be learners for life, capable of returning to higher education to retool for changes and to refine skill requirements.

While no one can say for sure how the Foundation will fare in efforts to raise money this year, several trends will influence how generous donors will be in the next few years – a reduction in estate taxes – *this year people whose estates are worth less than \$3.5 million will be exempt from estate taxes, compared with the \$2 million limit last year*; low investment returns – *falling interest rates and dividends will depress many donors' income from bonds and other sources*; possibility of inflation – *if inflation rises over time with increased government spending, gift annuity payments to older donors could be worth far less than they were initially and curtail the popularity of such gifts*; no minimum required withdrawal from individual retirement accounts – *because retirement savings have been decimated in the economic meltdown, a new law was passed that eliminates the requirement that donors aged 70 1/2 take a minimum distribution from their retirement accounts, income that is taxable* – *some donors may not have the incentive to give through their retirement accounts as a way to satisfy the withdrawal rule*; more pressure on bequests from medical costs – *with people living longer and medical costs skyrocketing, the percentage of their estates that donors leave to charities may be reduced*; a push to lower fund-raising costs – *as charities seek ways to offset the effects of the bad economy, they are resorting to layoffs, hiring freezes, and other cost cutting measures – scrimping on fundraising, however, could depress donations even further in the long run.* (Source: Sharpe, Robert F. Chronicle of Philanthropy, January 20, 2009, "Trends that will affect fundraising in 2009.")

## **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 Helaine Jesse Morres at the following:

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Carson City, NV 89703  
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WESTERN NEVADA COLLEGE FOUNDATION  
 STATEMENTS OF NET ASSETS  
 JUNE 30, 2010 (AUDITED), AND JUNE 30, 2009 (UNAUDITED)

	2010 (Audited)	2009 (Unaudited)
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$ 36,825	\$ 24,057
Restricted cash and cash equivalents	1,094,844	979,742
Current portion of pledges receivable, net	62,684	130,385
Total current assets	1,194,352	1,134,184
Noncurrent Assets		
Pledges receivable	82,777	115,013
Restricted investments	1,254,781	1,247,041
Total noncurrent assets	1,337,558	1,362,054
<b>Total Assets</b>	<b>2,531,910</b>	<b>2,496,238</b>
<b>Liabilities</b>		
Due to the College	30,968	-
<b>Net Assets</b>		
Restricted:		
Nonexpendable	568,568	542,154
Expendable		
Scholarships, capital projects and programs	1,895,549	1,930,027
Unrestricted	36,825	24,057
Total Net Assets	\$ 2,500,942	\$ 2,496,238

See accompanying notes

WESTERN NEVADA COLLEGE FOUNDATION  
 STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
 FOR THE YEARS ENDED JUNE 30, 2010 (AUDITED) AND JUNE 30, 2009 (UNAUDITED)

	2010 (Audited)	2009 (Unaudited)
<b>Operating Revenues</b>		
Contributions	\$ 547,348	\$ 709,384
Special events revenue	124,814	83,436
Other operating revenue	6,451	16,480
<b>Total operating revenues</b>	<u>678,613</u>	<u>809,300</u>
<b>Operating Expenses</b>		
Program expenses		
Athletics	139,018	141,558
Scholarships	8,576	99,821
Other program services	242,974	152,255
Total program services	<u>390,568</u>	<u>393,634</u>
General supporting expenses	360,099	457,790
Special events expense	65,585	21,986
<b>Total operating expenses</b>	<u>816,252</u>	<u>873,410</u>
<b>Operating Income (Loss)</b>	(137,639)	(64,110)
<b>Non-operating Revenue (Expense)</b>		
Investment earnings	<u>142,343</u>	<u>(199,877)</u>
<b>Increase (decrease) in net assets</b>	4,704	(263,987)
<b>Net Assets</b>		
Beginning of year	<u>2,496,238</u>	<u>2,760,225</u>
End of Year	<u>\$ 2,500,942</u>	<u>\$ 2,496,238</u>

See accompanying notes

WESTERN NEVADA COLLEGE FOUNDATION  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2010 (AUDITED) AND JUNE 30, 2009 (UNAUDITED)

	2010 (Audited)	2009 (Unaudited)
<b>Cash flows from operating activities</b>		
Receipts from contributions	\$ 312,587	\$ 395,269
Receipts from special events	124,814	83,436
Receipts from other operations	6,451	16,480
Payments for program expenses	(359,600)	(393,634)
Payments for general supporting expenses	(25,400)	(43,657)
Payments for special events expenses	(65,585)	(21,986)
Net cash provided by (used for) operating activities	<u>(6,733)</u>	<u>35,908</u>
<b>Cash flows from investing activities</b>		
Sale and maturities of investments	121,773	15,300
Purchases of investments	(23,507)	(104,504)
Interest and dividends on investments	36,337	54,469
Net cash provided by (used for) investing activities	<u>134,603</u>	<u>(34,735)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	127,870	1,173
Cash and cash equivalents, beginning of year	1,003,799	1,002,626
Cash and cash equivalents, end of year	<u>\$ 1,131,669</u>	<u>\$ 1,003,799</u>
<b>Reconciliation of operating income (loss) to net cash and cash equivalents provided by operating activities</b>		
Operating income (loss)	\$ (137,639)	\$ (64,110)
Adjustments to reconcile operating income to net cash		
Provision for losses on pledges receivable	4,075	113,871
Changes in assets and liabilities:		
Decrease in pledge receivable	95,863	(13,853)
Increase in due to the College	30,968	-
Net cash provided by (used for) operating activities	<u>\$ (6,733)</u>	<u>\$ 35,908</u>
<b>Summary of cash accounts</b>		
Cash and cash equivalents	\$ 36,825	\$ 24,057
Restricted cash and cash equivalents	1,094,844	979,742
Total cash and cash equivalents	<u>\$ 1,131,669</u>	<u>\$ 1,003,799</u>
<b>Supplementary Information</b>		
Non-cash contributions received	<u>\$ 330,624</u>	<u>\$ 300,262</u>

See accompanying notes

WESTERN NEVADA COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 and 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

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

Basis of Presentation

The Foundation is considered a governmental not-for-profit 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. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*.

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 position using a single column enterprise fund presentation as described by GASB 34. Additionally, the Foundation has elected to apply all Financial Accounting Standards Board (“FASB”) Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements.

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 assets used by the Foundation are aggregated by general type of limitation placed on the assets:

WESTERN NEVADA COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 and 2009

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

*Nonexpendable net assets* 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 assets.

*Expendable net assets*, 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 assets* – 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 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.

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 stated at fair value, and realized and unrealized gains and losses are reflected in the Statement of Revenues, Expenses and Changes in Net Assets. Fair value of Foundation investments is determined from quoted market prices.

#### Donated Assets and Services

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

WESTERN NEVADA COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 and 2009

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.

The College donates the use of the personnel and materials used by the Foundation. The value of the donated materials and salaries is recorded at estimated fair value and is reflected in the accompanying financial statements.

Income Taxes

The Foundation is a nonprofit corporation, exempt from income tax under Internal Revenue Code Section 501 (c) (3), qualified for the charitable contribution deduction. Accordingly, no liability for Federal income taxes has been provided in the financial statements.

As of June 30, 2010, the Foundation is no longer subject to U.S. federal income tax examinations for years before 2007.

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.

Reclassification

Certain reclassifications were made to the 2009 financial statements to conform to the current year presentation.

Subsequent Events

Management has evaluated subsequent events through September 29, 2010, 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.

WESTERN NEVADA COLLEGE FOUNDATION  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2010 and 2009

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, certificates of deposits, corporate bonds, mutual funds, and U.S. Government securities. Each investment is specifically identified. Investments are recorded at fair value based on quoted market prices.

At June 30, 2010 and 2009 the carrying amount of the Foundation's cash in bank was \$36,825 and \$24,057, respectively and the bank balance was \$38,705 and \$29,714, 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 \$844,844 and \$879,742 were uncollateralized at June 30, 2010 and 2009, respectively.

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

	<u>2010</u>	<u>2009</u>
Cash and money market funds	\$ 1,131,669	\$ 1,003,799
Certificates of deposit	263,763	290,572
Corporate bonds	103,457	105,532
Mutual funds	887,561	850,937
Total investments	<u>1,254,781</u>	<u>1,247,041</u>
Total cash and investments	<u>\$ 2,386,450</u>	<u>\$ 2,250,840</u>

Income from mutual funds is 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 Charles Schwab account at the Foundation's discretion.

WESTERN NEVADA COLLEGE FOUNDATION  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2010 and 2009

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 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.

As of June 30, 2010, the Foundation had the following investments and maturities:

	<u>Investment Maturity (in years)</u>		
<u>Investments:</u>	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 to 3</u>
Certificates of Deposit	\$ 263,763	\$ 136,245	\$ 127,518
Corporate Bonds	103,457	103,457	-
Mutual Funds	887,561	887,561	-
Total Investments	<u>\$ 1,254,781</u>	<u>\$ 1,127,263</u>	<u>\$ 127,518</u>

As of June 30, 2009, the Foundation had the following investments and maturities:

	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 to 3</u>
<u>Investments:</u>			
Certificates of Deposit	\$ 290,572	\$ 105,936	\$ 184,636
Corporate Bonds	105,532	-	105,532
Mutual Funds	850,937	850,937	-
Total Investments	<u>\$ 1,247,041</u>	<u>\$ 956,873</u>	<u>\$ 290,168</u>

*Interest Rate Risk.*

The Foundation's investment policy does not limit 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. As of June 30, 2010, the corporate bond ratings included: investment in SBC Communications, rated A2 by Moody's Investor Services; investment in General Electric, rated Aa2 by Moody's Investor Services. The money market fund ratings at June 30, 2010 include investment in Schwab Money Market Funds, investment rating of BBB or higher by Standard & Poor's and investment in Schwab Cash Reserves Fund, investment rating of BBB or higher by Standard and Poor's.

WESTERN NEVADA COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 and 2009

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, 2010 and 2009 consist of the following:

	<u>2010</u>	<u>2009</u>
Nursing	\$ 1,335	\$ 45,734
Athletics	204,341	237,987
Stadium	-	15,000
Other	78,677	81,495
	<hr/> 284,353	<hr/> 380,216
Allowance for uncollectible promises to give	(130,000)	(130,000)
Present value discount	(8,892)	(4,818)
Net pledges receivable	<hr/> 145,461	<hr/> 245,398
Less: Current maturities	<hr/> 62,684	<hr/> 130,385
Long-term portion	<hr/> <u>\$ 82,777</u>	<hr/> <u>\$ 115,013</u>

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

NOTE 4 – ENDOWMENTS

The majority of the Foundation's endowment funds are restricted for scholarships for students of the College. The Foundation's investment policy adopts a spending policy as a percentage (not to exceed 5 percent) of a three-year moving market value averaged (calculated as the prior three fiscal year-ends) of its investable assets in funds functioning as endowments. Net appreciation (depreciation) in the endowment funds, which total \$26,976 and \$(76,693), respectively, is shown as part of nonexpendable earnings in the Statement of Net Assets.

Because endowment investment funds include funds derived originally from permanently restricted gifts, the management of those funds is subject to the *Prudent Management of Institutional Funds (Uniform Act.)* Nevada Revised Statute (NRS) section 164.667 allows Boards that hold endowments funds to appropriate expenditures or accumulate endowment funds. The Board has interpreted state law as allowing it to use any of the investment returns as is prudent considering the Foundation's long and short-term needs, expected total return on its investments, price level trends and general economic conditions.

WESTERN NEVADA COLLEGE FOUNDATION  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2010 and 2009

Endowment net asset composition:

	June 30, 2010	June 30, 2009
Donor-restricted endowment funds	\$ 568,568	\$ 542,154

Changes in endowment net assets as of June 30, 2010 and 2009 are as follows:

	Net Endowment Assets
Endowment net assets, July 1, 2008	\$ 611,425
Investment Income	13,241
Gain (loss)	(82,512)
Endowment net assets, June 30, 2009	542,154
Investment Income	10,148
Gain (loss)	26,976
Appropriated for expenditure	(10,711)
Endowment net assets, June 30, 2010	\$ 568,568

NOTE 5 – RELATED PARTY TRANSACTIONS

The College provided the Foundation with management and general support services for the year ended June 30, 2010 and 2009 of \$330,624 and \$300,262, respectively. These amounts are included in the unrestricted fund as in-kind contribution revenue and general supporting expenses.

The Foundation expended \$203,663 and \$259,911 for programs and activities of the College for the year ended June 30, 2010 and 2009, respectively. The Foundation has \$30,968 due to the College for funds inadvertently refunded by the College for the above mentioned expenditures.

NOTE 6 – CONTINGENCY

In April 2008, the Foundation was named as a defendant in a lawsuit in connection with Western Nevada College and other parties. During fiscal year 2010, the Foundation was dismissed from the action.