



Financial Statements
June 30, 2015

Western Nevada College Foundation

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Independent Accountant's Review Report

To the Board of Trustees
Western Nevada College Foundation
Carson City, Nevada

We have reviewed the accompanying statement of net position of Western Nevada College Foundation, a component unit of Western Nevada College (the Company), as of June 30, 2015, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Company 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. The financial statements as of and for the year ended June 30, 2014, were audited by Kafoury, Armstrong & Company who joined Eide Bailly LLP on December 15, 2014, and whose report dated September 8, 2014, expressed an unmodified opinion on those statements, did not express an opinion on or provide any assurance on the required supplementary information, and expressed an opinion that the schedule of general and supporting expenses was fairly stated, in all material respects, in relation to the basic financials statements as a whole.

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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying 2015 financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Our review was made primarily for the purposes 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 the United States of America. The management's discussion and analysis on pages 3-5 is presented for additional analysis. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who

considers it to be an essential part of the financial reporting and for placing the financial statements in an appropriate operational, economic, or historical context. The management's discussion and analysis 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 information that is the representation of management. We have not audited or reviewed management's discussion and analysis, and accordingly, we do not express an opinion or provide any assurance on it.

The 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. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we did not become aware of any material modifications that should be made to such information.

Eide Bailly LLP

Reno, Nevada
September 9, 2015

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, 2015. 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

- William G. Pennington Foundation invested \$176,100 in academic and book scholarships for WNC's Jump Start College program. The foundation's investment is the first of its kind at Western and provides funding for students who would not be able to attend a post-secondary school.
- The Western Nevada College Foundation established 8 new need based scholarships in 2014/2015, four are funded by Western Nevada College faculty and staff and the other four scholarships are funded by private community donors. These new scholarships led to a 3% increase in the overall students awarded scholarships.
- The annual Foundation employee giving program continues to support WNC providing over \$36,000 in funds for college programs and scholarships, bringing total employee giving to 50%. The 2015 WNC Employee Giving Campaign hit a new record, with 13 new donors and \$24,424 in new pledges. Employee donors that renew pledges each year are significant and demonstrate strong commitment toward the mission of the College.
- Western Nevada College students had the opportunity to personally thank the individuals who are helping them earn a college degree at the WNC Foundation's fourteenth annual Scholarship Appreciation & Recognition Reception. The event celebrated the success of more than 110 students who received a total of \$156,128 in scholarship awards.

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 position 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 position might generally be associated with an improved financial position. Conversely, a decrease in net position might indicate deterioration in net assets. These generalities are not necessarily the case for a nonprofit like the Foundation because of the nature of its operations. Unlike a business entity, nonprofits such as the Foundation have a goal of disbursing funds, or reducing net assets, in support of their mission.

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

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

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

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

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

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

Condensed Statements of Net Position

	2015	2014	2014-2015	
			Change	% Change
Current assets	\$ 804,882	\$ 1,081,399	\$ (276,517)	-25.57%
Other noncurrent assets	2,214,986	2,105,080	109,906	5.22%
Total Assets	\$ 3,019,868	\$ 3,186,479	\$ (166,611)	-5.23%
Restricted	\$ 2,893,944	\$ 3,107,064	\$ (213,120)	-6.86%
Unrestricted	125,924	79,415	46,509	58.56%
Total Net Position	\$ 3,019,868	\$ 3,186,479	\$ (166,611)	-5.23%

Total net position increased by 5 percent in FY15 due to the decrease in WNC Foundation earnings on the overall Schwab portfolio during a turbulent market. In addition, the unrestricted funds earned this year have increased by 58 percent over FY 14. At the end of FY15, current assets have decreased by 25 percent due to the increase in funds the Foundation disbursed to Western Nevada College for academic, scholarship, and program support.

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 Position

	2015	2014	2014-2015	
			Change	% Change
Foundation gifts / contributions				
Contributions	\$ 477,616	\$ 313,911	\$ 163,705	52.15%
College support	196,825	236,426	(39,601)	-16.75%
Special events revenue	-	26,864	(26,864)	-100.00%
Other operating revenue	27,834	9,090	18,744	206.20%
Total operating revenues	702,275	586,291	115,984	19.78%
Operating Expenses	918,162	558,972	359,190	64.26%
Operating Income	(215,887)	27,319	(188,568)	-690.24%
Investment Earnings	49,276	207,033	(157,757)	-76.20%
Total increase (decrease) in net position	(166,611)	234,352	(400,963)	-171.09%
Net position				
Net position, beginning of year	3,186,479	2,952,127	234,352	7.94%
Net position, end of year	\$ 3,019,868	\$ 3,186,479	\$ (166,611)	-5.23%

Total Foundation operating revenue increased by 19 percent in FY15 and factors contributing to this increase are in the financial highlights. The Foundation and Board of Directors have continued to work diligently to increase opportunities for donors to invest in WNC while retaining our current donors.

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 FY15 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 relationships and partnerships necessary to continue to support Western's 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
Katie.Leao@wnc.edu
775-445-3240
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Western Nevada College Foundation
 Statements of Net Position
 June 30, 2015 (Unaudited) and June 30, 2014 (Audited)

	<u>2015</u> <u>(Unaudited)</u>	<u>2014</u> <u>(Audited)</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 119,922	\$ 79,415
Restricted cash and cash equivalents	650,835	974,154
Accounts receivable	6,002	-
Current portion of pledges receivable, net	<u>28,123</u>	<u>27,830</u>
Total current assets	<u>804,882</u>	<u>1,081,399</u>
Noncurrent Assets		
Pledges receivable, net	16,191	36,043
Restricted investments	<u>2,198,795</u>	<u>2,069,037</u>
Total noncurrent assets	<u>2,214,986</u>	<u>2,105,080</u>
Total assets	<u>3,019,868</u>	<u>3,186,479</u>
Net Position		
Restricted		
Expendable		
Scholarship and programs	2,350,521	2,431,089
Equipment for the Donald W. Reynolds Center for Technology	543,423	675,975
Unrestricted	<u>125,924</u>	<u>79,415</u>
Total net position	<u>\$ 3,019,868</u>	<u>\$ 3,186,479</u>

Western Nevada College Foundation
 Statements of Revenues, Expenses, and Changes in Net Position
 Years Ended June 30, 2015 (Unaudited) and June 30, 2014 (Audited)

	<u>2015</u> <u>(Unaudited)</u>	<u>2014</u> <u>(Audited)</u>
Operating Revenues		
Contributions	\$ 477,616	\$ 313,911
College support	196,825	236,426
Special events revenue	-	26,864
Other operating revenue	27,834	9,090
Total operating revenues	<u>702,275</u>	<u>586,291</u>
Operating Expenses		
Program expenses		
Athletics	17,006	81,933
Scholarships	156,128	160,263
Other program services	476,377	86,220
General supporting expenses	268,394	211,220
Special events expense	257	19,336
Total operating expenses	<u>918,162</u>	<u>558,972</u>
Operating Income (Loss)	(215,887)	27,319
Non-operating Revenue		
Investment earnings	49,276	207,033
Change in Net Position	(166,611)	234,352
Net Position		
Beginning of year	<u>3,186,479</u>	<u>2,952,127</u>
End of year	<u>\$ 3,019,868</u>	<u>\$ 3,186,479</u>

Western Nevada College Foundation
 Statements of Cash Flows
 Years Ended June 30, 2015 (Unaudited) and June 30, 2014 (Audited)

	<u>2015</u> <u>(Unaudited)</u>	<u>2014</u> <u>(Audited)</u>
Operating Activities		
Receipts from contributions	\$ 492,287	\$ 376,236
Receipts from special events	-	14,082
Receipts from other operations	21,832	9,090
Payments for program expenses	(632,006)	(292,624)
Payments for general supporting expenses	(84,186)	(15,369)
Payments for special events expenses	(257)	(6,554)
Net Cash from (used for) Operating Activities	<u>(202,330)</u>	<u>84,861</u>
Investing Activities		
Sale and maturities of investments	7,591	43,395
Purchases of investments	(179,194)	(113,401)
Interest and dividends on investments	91,121	67,641
Net Cash from (used for) Investing Activities	<u>(80,482)</u>	<u>(2,365)</u>
Net Change in Cash and Cash Equivalents	(282,812)	82,496
Cash and Cash Equivalents, Beginning of Year	<u>1,053,569</u>	<u>971,073</u>
Cash and Cash Equivalents, End of Year	<u>\$ 770,757</u>	<u>\$ 1,053,569</u>

Western Nevada College Foundation

Statements of Cash Flows

Years Ended June 30, 2015 (Unaudited) and June 30, 2014 (Audited)

	<u>2015</u> <u>(Unaudited)</u>	<u>2014</u> <u>(Audited)</u>
Reconciliation of operating income (loss) to net cash from (used for) operating activities		
Operating income (loss)	\$ (215,887)	\$ 27,319
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities		
Changes in		
Accounts receivable	(6,002)	-
Pledge receivable	19,559	57,542
Net Cash from (used for) Operating Activities	<u>\$ (202,330)</u>	<u>\$ 84,861</u>
Summary of Cash Accounts		
Cash and cash equivalents	\$ 119,922	\$ 79,415
Restricted cash and cash equivalents	650,835	974,154
Total cash and cash equivalents	<u>\$ 770,757</u>	<u>\$ 1,053,569</u>
Supplementary Information		
Operating income (loss) includes in-kind contributions and associated operating expenses of:		
Contributions	\$ 12,463	\$ 3,150
Special events revenue and associated expenses	-	12,782
College support for employee costs	171,745	178,286
College support for operating expenses	17,505	14,661
	<u>\$ 201,713</u>	<u>\$ 208,879</u>
Non-cash distributions made to College	<u>\$ 12,463</u>	<u>\$ 3,150</u>

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. 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 assets.

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.

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 Position. Fair value of Foundation investments is determined from quoted market prices.

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 2012.

Operating and Nonoperating 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. Nonoperating revenues and expenses relate primarily to the income and gains and losses associated with investment activity of the Foundation.

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 9, 2015, which is the date these financial statements were available to be issued and these financial statements have not been updated for subsequent events occurring after that date.

Note 2 - Cash and Investments

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

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

Unrestricted and restricted funds are primarily invested in cash and cash equivalents, money market funds, 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, 2015 and 2014, the carrying amount of the Foundation's cash in bank was \$278,241 and \$93,825, respectively, and the bank balance was \$106,058 and \$96,088, 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 \$0 and \$709,744 were uncollateralized at June 30, 2015 and 2014, respectively.

Western Nevada College Foundation
Notes to Financial Statements
June 30, 2015 (Unaudited) and June 30, 2014 (Audited)

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

	2015	2014
Cash and money market funds	\$ 770,757	\$ 1,053,569
Mutual funds	2,198,795	2,069,037
Total cash and investments	\$ 2,969,552	\$ 3,122,606

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.

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.

As of June 30, 2015, the Foundation had the following investments and maturities:

Investments	Fair Value	Less than One Year
Mutual Funds	\$ 2,198,795	\$ 2,198,795

As of June 30, 2014, the Foundation had the following investments and maturities:

Investments	Fair Value	Less than One Year
Mutual Funds	\$ 2,069,037	\$ 2,069,037

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. The money market fund ratings at June 30, 2015 include investment in Schwab Money Market Funds, investment rating of A or higher by Standard & Poor's and investment in Schwab Cash Reserves Fund, investment rating of A or higher by Standard and Poor's.

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, 2015 and 2014 consist of the following:

	2015	2014
Nursing	\$ 150	\$ 820
Athletics	12,170	21,475
Always Lost	625	2,045
Unrestricted	3,350	8,620
Other	39,041	41,935
	55,336	74,895
Allowance for uncollectible promises to give	(10,165)	(8,932)
Present value discount	(857)	(2,090)
Net pledges receivable	44,314	63,873
Less current maturities	(28,123)	(27,830)
Long-term portion	\$ 16,191	\$ 36,043
Amounts due in:		
Less than one year	\$ 34,456	\$ 31,599
One to five years	20,880	43,296
	\$ 55,336	\$ 74,895

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, 2015 and 2014 of \$189,250 and \$192,947, respectively. These amounts are included in the unrestricted fund as College support revenue and general supporting expenses.

The Foundation expended \$590,303 and \$276,945 for programs and activities of the College for the year ended June 30, 2015 and 2014, respectively.

Western Nevada College Foundation
Schedule of General Supporting Expenses
Years Ended June 30, 2015 (Unaudited) and June 30, 2014 (Audited)

	2015 (Unaudited)	2014 (Audited)
General Supporting Expenses		
Accounting	\$ 10,800	\$ 9,250
Allowance for pledge receivable	8,635	(1,514)
Bank service charges	1,441	1,743
College in-kind contributions		
Salaries and related fringe benefits	171,745	178,286
Other expenses	12,463	14,661
Fees	25	25
Host/retreat	3,589	840
Insurance	1,680	-
Membership	156	325
Miscellaneous	45,176	272
Newspapers in Education	-	100
Public Relations	7,066	544
Software	5,618	-
Supples	-	2,904
Travel	-	3,784
	\$ 268,394	\$ 211,220