

**WESTERN NEVADA COLLEGE FOUNDATION**

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**AUDITED FINANCIAL STATEMENTS**

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JUNE 30, 2020

WESTERN NEVADA COLLEGE FOUNDATION  
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JUNE 30, 2020

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Western Nevada College Foundation

We have audited the accompanying statement of net position of Western Nevada College Foundation (a nonprofit organization), a component unit of Western Nevada College, as of June 30, 2020, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the fair preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Western Nevada College Foundation as of June 30, 2020, and the changes in its net position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**INDEPENDENT AUDITOR'S REPORT  
CONTINUED**

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Other Matters

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

*Report on Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information included on page 16 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Report on 2019 Financial Statements*

The 2019 financial statements were reviewed by us, and our report thereon, dated September 11, 2019, stated we were not aware of any material modifications that should be made to those financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. 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.

*PATGORN & CO., LTD.*

Reno, Nevada  
September 10, 2020

## MANAGEMENT'S DISCUSSION AND ANALYSIS

WESTERN NEVADA COLLEGE FOUNDATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020

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This section of Western Nevada College Foundation's annual financial report presents discussion and analysis of the Foundation's financial activity for the year ending June 30, 2020. Please review this discussion 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.

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 the college. Amid changes in our local economy following measures taken to control the spread of COVID-19, WNC Foundation refocused and placed a priority on grant writing and community outreach in order to develop critical funding to support rapidly changing college needs and students in crisis. As a result, Western Nevada College Foundation reported the following accomplishments for the fiscal year ending June 30, 2020:

Scholarship Support

Student scholarships awarded through the WNC Foundation for the 2019-20 academic year improved year-over-year by nearly 25%, bringing total scholarship support to \$547,048 for the year. Highlights included:

- William N. Pennington Foundation generously funded \$200,000 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.
- Nursing scholarship awards grew to more than \$190,000 for the 2019-20 academic year, thanks to the generosity of private donors and foundations.
- The Clarence and Martha Berger Trust Scholarship was established following a generous \$500,000 bequest, benefiting students for years to come through an endowment created within the WNC Foundation.
- WNC's Higher Education in Prison Program (HEPP) continues to grow with the goal of reducing recidivism. Scholarships are awarded based on academic potential, good behavior and potential to contribute to the workforce following release. Thanks to the support from private donors and foundations, WNC Foundation has been able to contribute close to \$30,000 in scholarships for incarcerated students.

WNC Foundation's annual scholarship celebration was canceled due to concerns of spreading COVID-19. However, the event's accompanying scholarship magazine, *We Are Western*, was published, recognizing scholarship donors and celebrating nearly 400 students who received scholarship support through the Foundation.

WNC Foundation is forecasting that more than \$600,000 will be awarded for the coming academic year as fundraising efforts have resulted in the establishment of 10 new scholarships that will be awarded in fiscal year 2020-21. Of these new awards, four are memorial scholarships established by private donors, two are funded by a local financial institution, one is funded by a WNC professor and three are funded by local service organizations.

Campus Improvements

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

- A \$1.35 million capital project to relocate and refurbish the WNC biology lab, funded through the generosity of the William N. Pennington Foundation, was completed in January 2020. This lab had not been updated since 1990 and is now facilitating 21st century learning, featuring state-of-the-art technology and lab design while increasing WNC's capacity to serve students.

WESTERN NEVADA COLLEGE FOUNDATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020

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Campus Improvements (continued)

- WNC Foundation raised close to \$800,000 to build a mobile manufacturing training unit that will support workforce development in the Sierra region. The unit is planned to visit remote areas throughout rural Nevada, allowing the Applied Industrial Technology program to deliver training directly to students who may not have the time or transportation necessary to commute to a college campus. This innovative solution was funded through a matching campaign. The William N. Pennington Foundation provided \$2 for every \$1 fundraised up to \$282,000. WNC Foundation used this incentive to encourage donations from Wells Fargo Foundation for \$10,000 and Tesla for \$150,000. Additionally, WNC Foundation's staff wrote a successful grant request (funded directly to the college) from the Governor's Office of Economic Development (GOED) for \$337,641. The project is scheduled for completion in Fall 2020.
- Following a recent survey to better understand student food and housing insecurity, WNC Foundation assisted the college's student government in developing funding for a Food Pantry that will supply nonperishable toiletries and groceries to students in need. This initiative has been funded through a grant from NV Energy in addition to private donors.

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 fourth annual "Reach for the Stars Black Tie Gala" was held at the Jack C. Davis Observatory in August 2019, raising close to \$130,000. The event allowed for promotion of the observatory, drawing more than 400 local community members and generating important fundraising efforts in support of the college. While this event has continued to grow in popularity among local community members, it was canceled in August 2020 due to COVID-19 restrictions.
- The 20<sup>th</sup> annual WNC Golf Classic was, once again, supported by a partnership with Northern Nevada Development Authority (NNDA), emphasizing an important workforce development theme. Funds from this tournament exceeded \$30,000, drawing strong support from many local organizations. The tournament was sold out with 144 players participating.
- A small virtual event was held in May. WNC Trivia Night allowed the WNC Foundation to reach out to the community during the COVID-19 quarantine in support of students experiencing financial struggles.
- An art show and auction is planned for 2021 to benefit the Higher Education in Prison Program.
- 2021 marks the college's 50<sup>th</sup> anniversary serving Northern Nevada. A series of events is planned to celebrate the milestone.

Program Support

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

- WNC Jump Start College continues to provide college access to exceptional high school students. Ninety-four students from 12 high schools and two academies graduated in May 2020 with an associate degree from WNC at the same time as they received their high school diploma. WNC Foundation has assisted the college in developing Jump Start College funding by working with private donors.

WESTERN NEVADA COLLEGE FOUNDATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020

Program Support (continued)

- WNC's outstanding Nursing Program was recently recognized by Nursing Process as the best in the West. In addition, Registered Nursing ranked it as the top nursing program in Nevada. In 2020, the program produced 56 associate degree nursing graduates.
- WNC Foundation invested in funding to assist the college with grant writing, and as a result, more than \$1 million in grant funding has been successfully requested from more than 10 funders in support of college needs.

**Foundation Excellence**

WNC Foundation was awarded the Northern Nevada Development Authority 2019 Boundary Peak Exceptional Nonprofit Award due to growth in funding, board member participation, presence in the community and support of workforce development initiatives.

In summary, through fundraising events, campus improvements, investments and scholarships, WNC Foundation has delivered great results in FY20 in order to support the strategic direction of Western Nevada College. The Foundation is grateful to all the donors, partners, faculty and staff who have contributed to making these results possible.

Financial Statements

The basic financial statements of the Foundation are the Statement of Net Position, Statement of Support, Revenue, 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 Support, Revenue, 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, investing activities and capital and non-capital financing activities for the year ended June 30, 2020.

Statement of Net Position

This statement is presented with 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 and promises to give. 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:

|                                    | 2020                | 2019                | 2020-2019           |             |
|------------------------------------|---------------------|---------------------|---------------------|-------------|
|                                    |                     |                     | Change              | % Change    |
| Assets                             |                     |                     |                     |             |
| Current assets                     | \$ 527,409          | \$ 1,792,777        | \$ (1,265,368)      | -71%        |
| Noncurrent assets                  | 4,018,091           | 3,408,722           | 609,369             | 18%         |
| Total assets                       | <u>\$ 4,545,500</u> | <u>\$ 5,201,499</u> | <u>\$ (655,999)</u> | <u>-13%</u> |
| Liabilities                        |                     |                     |                     |             |
| Current liabilities                | \$ 4,317,113        | \$ 5,051,330        | \$ (734,217)        | -15%        |
| Net Position                       |                     |                     |                     |             |
| Unrestricted                       | 228,387             | 150,169             | 78,218              | 52%         |
| Total Liabilities and Net Position | <u>\$ 4,545,500</u> | <u>\$ 5,201,499</u> | <u>\$ (655,999)</u> | <u>-13%</u> |

WESTERN NEVADA COLLEGE FOUNDATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020

Statement of Net Position (continued)

Current assets decreased due to contributions to the College for capital investment in the William N. Pennington Foundation Biology Laboratory. Non current assets increased following the receipt of contributions that have not yet been transferred to the College for scholarships and college programs. Current liabilities decreased because transfers to the College, including the large investment in the biology laboratory, exceeded contributions for the year. Net position for the year increased primarily from unrestricted contributions raised from fundraising events.

Statement of Support, Revenue, Expenses, and Changes in Net Position

The statement of support, revenue, 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 and support, operating expenses, and investment income (loss).

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

|                                     | 2020              | 2019              | 2020-2019        |             |
|-------------------------------------|-------------------|-------------------|------------------|-------------|
|                                     |                   |                   | Change           | % Change    |
| Operating Support and Revenue       |                   |                   |                  |             |
| Contributions                       | \$ 2,034,841      | \$ 1,091,437      | \$ 943,404       | 86%         |
| Other Contributions                 | 58,474            | 21,150            | 37,324           | 176%        |
| Special events revenue              | 164,599           | 80,334            | 84,265           | 105%        |
| Management fees                     | 15,840            | 17,737            | (1,897)          | -11%        |
| Total Operating Support and Revenue | <u>2,273,754</u>  | <u>1,210,658</u>  | <u>1,063,096</u> | <u>88%</u>  |
| Operating Expenses                  |                   |                   |                  |             |
| Program expenses                    |                   |                   |                  |             |
| Scholarships                        | 518,348           | 423,935           | 94,413           | 22%         |
| College programs                    | 245,422           | 353,902           | (108,480)        | -31%        |
| Capital investment                  | 1,072,156         | 114,620           | 957,536          | 835%        |
| Total Program Expenses              | <u>1,835,926</u>  | <u>892,457</u>    | <u>943,469</u>   | <u>106%</u> |
| Administrative and special events   | <u>371,943</u>    | <u>327,841</u>    | <u>44,102</u>    | <u>13%</u>  |
| Total Operating Expenses            | <u>2,207,869</u>  | <u>1,220,298</u>  | <u>987,571</u>   | <u>81%</u>  |
| Operating Income (Loss)             | 65,885            | (9,640)           | 75,525           | -783%       |
| Investment Earnings                 | <u>12,333</u>     | <u>43,565</u>     | <u>(31,232)</u>  | <u>-72%</u> |
| Change in Net Position              | 78,218            | 33,925            | 44,293           | 131%        |
| Net Position, Beginning of Year     | <u>150,169</u>    | <u>116,244</u>    | <u>33,925</u>    | <u>29%</u>  |
| Net Position, End of Year           | <u>\$ 228,387</u> | <u>\$ 150,169</u> | <u>\$ 78,218</u> | <u>52%</u>  |

Operating income increased primarily as a result of improvements in fundraising events occurring in the summer of 2019 when community participation and individual donations increased. Additionally, several individual donors and foundations like Wells Fargo Foundation generously contributed unrestricted revenue with the understanding that fundraising events were not possible due to attendance restrictions imposed to control the spread of COVID-19. Revenue and expenses for scholarships, college programs and capital investments reflected in the statement of support represent only those amounts that are unrestricted or have been transferred to the college in satisfaction of their restricted purpose.

WESTERN NEVADA COLLEGE FOUNDATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020

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Statement of Cash Flows

The statement of cash flows is used to determine the Foundation's ability to meet its obligations, and to determine if external financing is needed. It is presented using the direct method with four classifications: operating activities, non-capital financing activities, capital and related financing activities and investing activities.

The following is a summary of cash flows for the years ended June 30:

|  | <u>2020</u>              | <u>2019</u>                |
|--|--------------------------|----------------------------|
| Net cash provided by (used in):                      |                          |                            |
| Operating activities                                 | \$ (656,546)             | \$ 1,681,021               |
| Investing activities                                 | <u>(597,036)</u>         | <u>(70,849)</u>            |
| Net Increase (Decrease) in Cash and Cash Equivalents | (1,253,582)              | 1,610,172                  |
| Cash and Cash Equivalents, Beginning of Year         | <u>1,774,371</u>         | <u>164,199</u>             |
| Cash and Cash Equivalents, End of Year               | <u><u>\$ 520,789</u></u> | <u><u>\$ 1,774,371</u></u> |

Requests for 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  
775-445-3240  
775-445-4472 Fax

WESTERN NEVADA COLLEGE FOUNDATION  
STATEMENT OF NET POSITION  
JUNE 30, 2020 (AUDITED) AND JUNE 30, 2019 (UNAUDITED)

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|                                      | <u>2020</u><br><u>(Audited)</u> | <u>2019</u><br><u>(Unaudited)</u> |
|--------------------------------------|---------------------------------|-----------------------------------|
| <b>ASSETS</b>                        |                                 |                                   |
| Current Assets                       |                                 |                                   |
| Cash and cash equivalents            | \$ 221,766                      | \$ 131,763                        |
| Restricted cash and cash equivalents | 299,023                         | 1,642,608                         |
| Prepaid expenses                     | -                               | 11,786                            |
| Pledges receivable                   | <u>6,620</u>                    | <u>6,620</u>                      |
| Total Current Assets                 | <u>527,409</u>                  | <u>1,792,777</u>                  |
| Noncurrent Assets                    |                                 |                                   |
| Restricted investments               | <u>4,018,091</u>                | <u>3,408,722</u>                  |
| Total Assets                         | <u><u>\$ 4,545,500</u></u>      | <u><u>\$ 5,201,499</u></u>        |
| <b>LIABILITIES AND NET POSITION</b>  |                                 |                                   |
| Current Liabilities                  |                                 |                                   |
| Unexpended contributions             | <u>\$ 4,317,113</u>             | <u>\$ 5,051,330</u>               |
| Net Position                         |                                 |                                   |
| Unrestricted                         | <u>228,387</u>                  | <u>150,169</u>                    |
| Total Net Position                   | <u>228,387</u>                  | <u>150,169</u>                    |
| Total Liabilities and Net Position   | <u><u>\$ 4,545,500</u></u>      | <u><u>\$ 5,201,499</u></u>        |

See accompanying notes.

WESTERN NEVADA COLLEGE FOUNDATION  
STATEMENT OF SUPPORT, REVENUE, EXPENSES  
AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2020 (AUDITED) AND JUNE 30, 2019 (UNAUDITED)

|                                     | 2020<br>(Audited) | 2019<br>(Unaudited) |
|-------------------------------------|-------------------|---------------------|
| Operating Support and Revenue       |                   |                     |
| Scholarships                        | \$ 518,348        | \$ 424,421          |
| College programs                    | 245,422           | 353,682             |
| Capital investments                 | 1,072,156         | 114,650             |
| College support                     | 198,915           | 198,684             |
| Other contributions                 | 58,474            | 21,150              |
| Special events                      | 164,599           | 80,334              |
| Management fees                     | 15,840            | 17,737              |
| Total Operating Support and Revenue | <u>2,273,754</u>  | <u>1,210,658</u>    |
| Operating Expenses                  |                   |                     |
| Program Services                    |                   |                     |
| Scholarships                        | 518,348           | 423,935             |
| College programs                    | 245,422           | 353,902             |
| Capital investments                 | 1,072,156         | 114,620             |
| Total Program Services Expense      | <u>1,835,926</u>  | <u>892,457</u>      |
| Supporting Services                 |                   |                     |
| Administrative                      | 302,202           | 272,162             |
| Special events                      | 69,741            | 55,679              |
| Total Supporting Services Expense   | <u>371,943</u>    | <u>327,841</u>      |
| Total Operating Expenses            | <u>2,207,869</u>  | <u>1,220,298</u>    |
| Operating Income (Loss)             | 65,885            | (9,640)             |
| NON-OPERATING REVENUE               |                   |                     |
| Investment Earnings                 | <u>12,333</u>     | <u>43,565</u>       |
| Change in Net Position              | 78,218            | 33,925              |
| Net Position, Beginning of Year     | <u>150,169</u>    | <u>116,244</u>      |
| Net Position, End of Year           | <u>\$ 228,387</u> | <u>\$ 150,169</u>   |

See accompanying notes.

WESTERN NEVADA COLLEGE FOUNDATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2020 (AUDITED) AND JUNE 30, 2019 (UNAUDITED)

|   | 2020<br>(Audited)   | 2019<br>(Unaudited) |
|---|---------------------|---------------------|
| CASH FLOW FROM OPERATING ACTIVITIES   |                     |                     |
| Receipts from contributions   | \$ 1,160,183        | \$ 2,559,900        |
| Receipts from special events  | 150,753             | 80,334              |
| Receipts from management fees   | 15,840              | 17,737              |
| Payments for college scholarships and programs  | (763,770)           | (592,591)           |
| Payments for capital investment   | (1,072,156)         | (114,620)           |
| Payments for administrative   | (103,287)           | (214,060)           |
| Payments for special events   | (44,109)            | (55,679)            |
| Net Cash Provided (Used) by Operating Activities  | <u>(656,546)</u>    | <u>1,681,021</u>    |
| CASH FLOW FROM INVESTING ACTIVITIES   |                     |                     |
| Sale and maturities of investments  | 635,087             | 199,878             |
| Purchases of investments  | (1,173,413)         | (305,982)           |
| Investment earnings   | (58,710)            | 35,255              |
| Net Cash Provided (Used) by Investing Activities  | <u>(597,036)</u>    | <u>(70,849)</u>     |
| Net Increase (Decrease) in Cash and Cash Equivalents  | (1,253,582)         | 1,610,172           |
| Cash and Cash Equivalents, Beginning of Year  | <u>1,774,371</u>    | <u>164,199</u>      |
| Cash and Cash Equivalents, End of Year  | <u>\$ 520,789</u>   | <u>\$ 1,774,371</u> |
| Reconciliation of Operating Income (Loss) to Net Cash From<br>Operating Activities:                     |                     |                     |
| Operating Income (Loss)   | \$ 65,885           | \$ (9,640)          |
| Adjustments to Reconcile Operating Income (Loss)<br>to Net Cash Provided (Used) by Operating Activities |                     |                     |
| Change in:  |                     |                     |
| Pledge receivables  | -                   | 3,536               |
| Prepaid expenses  | 11,786              | (11,786)            |
| Unexpended contributions  | (734,217)           | 1,698,911           |
| Net Cash Provided (Used ) by Operating Activities   | <u>\$ (656,546)</u> | <u>\$ 1,681,021</u> |
| Operating income includes in-kind contributions and<br>associated operating expenses of:                |                     |                     |
| Contribution for college program  | \$ 13,846           | \$ 58,096           |
| College support for employee costs  | 198,915             | 181,709             |
| College support for operating expenses  | -                   | 8,365               |
|   | <u>\$ 212,761</u>   | <u>\$ 248,170</u>   |
| Non-Cash Investing Activities:  |                     |                     |
| Unrealized gain (loss)  | <u>\$ (69,940)</u>  | <u>\$ (8,342)</u>   |

See accompanying notes.

WESTERN NEVADA COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020

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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.

Reporting Entity and Basis of Accounting

The Foundation is considered a college foundation because of its relationship with Western Nevada College, a campus of the Nevada System of Higher Education (NSHE). The financial statements have been prepared 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 established governmental accounting and financial reporting principles.

The Foundation is a component unit of the Nevada System of Higher Education 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.

Basis of Presentation

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.

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

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

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

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.

WESTERN NEVADA COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

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.

Recognition of Support and Revenue

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

Pledges receivable represent unrestricted promises to give. Unrestricted promises to give total \$6,620 as of June 30, 2020 and 2019, respectively.

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, 2020 and 2019.

The allowance for doubtful accounts is based upon management's estimation of collectability and payment histories. Promises to give at June 30, 2020 and 2019 are considered fully collectible. Accordingly, 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.

Donated Assets, Services and Related Party Transactions

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

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 similarly 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, 2020 and 2019 in the amount of \$184,570 and \$164,734, respectively.

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 \$14,345 and \$16,975 for both 2020 and 2019, respectively.

Other in-kind donations totaling \$13,846 and \$58,096 for the years ended June 30, 2020 and 2019, 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.

WESTERN NEVADA COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Foundation is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). 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.

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.

Cash and Cash Equivalents

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

Investments

Investments are recorded at fair value, which is based upon quoted market prices, and consist of mutual funds, and exchange traded products.

Investment income consists of dividend and interest income and is shown net of investment management fees.

The net change in the fair value of investments consists of both realized and unrealized gain and loss on investments.

The Foundation is not limited by statute regarding the types of investments it may acquire; however, the Foundation has adopted a formal investment policy. 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.

NOTE 2 - CONCENTRATION OF CASH AND INVESTMENTS

The Foundation maintains its cash accounts in commercial banks and a brokerage firm 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. At June 30, 2020, the Foundation had no uninsured excess cash.

The fair value of investments is \$4,018,090 and \$3,408,722 at June 30, 2020 and 2019, respectively. Such investments in mutual funds and exchange traded funds are maintained in accordance with the Foundation's investment policy.

*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.

WESTERN NEVADA COLLEGE FOUNDATION  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2020

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NOTE 2 - CONCENTRATION OF CASH AND INVESTMENTS (CONTINUED)

*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 – INVESTMENTS AND FAIR VALUE

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. Level 3 inputs would be used only when Level 1 or Level 2 inputs are not available. The Foundation has no investments that are valued using the Level 3 inputs. Following is a description of the inputs used for fair value measurements:

Level 1 - The fair values of common stocks and mutual funds are based on unadjusted quoted prices in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgment, considering factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

The fair value and maturities consist of the following at June 30:

|                       | 2020                |   | 2019                |   |
|-----------------------|---------------------|---|---------------------|---|
|                       | Level 1             | Maturities<br>(in years)<br>Less than 1 | Level 1             | Maturities<br>(in years)<br>Less than 1 |
| Mutual funds          | \$ 3,746,503        | \$ 3,746,503                            | \$ 3,097,034        | \$ 3,097,034                            |
| Exchange-traded funds | 271,588             | 271,588                                 | 311,688             | 311,688                                 |
|                       | <u>\$ 4,018,091</u> | <u>\$ 4,018,091</u>                     | <u>\$ 3,408,722</u> | <u>\$ 3,408,722</u>                     |

WESTERN NEVADA COLLEGE FOUNDATION  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2020

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NOTE 3 – INVESTMENTS AND FAIR VALUE (CONTINUED)

Investment earnings at June 30, is as follows:

|  | 2020       | 2019       |
|--|------------|------------|
| Interest and dividends   | \$ 163,145 | \$ 189,207 |
| Net realized and unrealized gains (losses)                     | (91,999)   | 66,224     |
|  | 71,146     | 255,431    |
| Restricted earnings reclassified<br>to unexpended contributors | (58,813)   | (211,866)  |
| Net unrestricted investment earnings                           | \$ 12,333  | \$ 43,565  |

Income from investments are reinvested and allocated in the financial statements based on donor restrictions in the endowment agreement or restrictions imposed by the Board of Trustees of the Foundation. Funds may be withdrawn from any account at the Foundation's discretion

The spending policy for donor-restricted endowments of the Foundation is to allocate the support of budgeted programs, a share of investment returns that will provide a full measure of current income consistent with the achievement of full long-term preservation of purchasing power of the endowment as a minimal goal. The policy is expressed as a percentage (not to exceed 4.5 percent) of a three-year moving market value average (calculated as the prior three fiscal year-ends) of its investable assets. Earnings that exceed spending budgeted are retained in the endowment corpus.

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.

Unexpended contributions are restricted for the following purposes at June 30, 2020 and 2019:

|          |  | 2020         |                  |                     |              |
|----------|--|--------------|------------------|---------------------|--------------|
|          |  | Scholarships | College Programs | Capital Investments | Total        |
| Received |  | \$ 978,050   | \$ 3,181,688     | \$ 157,375          | \$ 4,317,113 |
|          |  | 2019         |                  |                     |              |
|          |  | Scholarships | College Programs | Capital Investments | Total        |
| Received |  | \$ 750,631   | \$ 3,071,168     | \$ 1,229,531        | \$ 5,051,330 |

NOTE 5 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 10, 2020 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.

SUPPLEMENTARY INFORMATION

WESTERN NEVADA COLLEGE FOUNDATION  
SCHEDULE OF SUPPORTING ADMINISTRATIVE EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2020 (AUDITED) AND JUNE 30, 2019 (UNAUDITED)

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|                                      | 2020<br>(Audited) | 2019<br>(Unaudited) |
|--------------------------------------|-------------------|---------------------|
| College in-kind contributions        |                   |                     |
| Salaries and related fringe benefits | \$ 184,570        | \$ 164,734          |
| Occupancy                            | 14,345            | 16,975              |
| Accounting                           | 10,425            | 13,160              |
| Allowance for pledge receivable      | -                 | 2,878               |
| Bank service charges                 | 4,070             | 2,993               |
| Insurance                            | 2,137             | 1,982               |
| Fees                                 | -                 | 2,145               |
| Membership                           | 6,149             | 2,570               |
| Miscellaneous                        | 2,660             | 3,659               |
| Public relations                     | 12,604            | 14,093              |
| Software                             | 8,698             | 11,766              |
| Staffing                             | 54,478            | 32,076              |
| Supplies                             | 2,066             | 3,131               |
|                                      | <u>\$ 302,202</u> | <u>\$ 272,162</u>   |

See accompanying notes.