

Financial Statements
June 30, 2017 and 2016
**College of Southern Nevada
Foundation, Inc.**



HOULDSWORTH, RUSSO & COMPANY

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College of Southern Nevada Foundation, Inc.

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June 30, 2017 and 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
College of Southern Nevada Foundation, Inc.
Las Vegas, Nevada

We have audited the accompanying financial statements of the College of Southern Nevada Foundation, Inc. (the Foundation), a component unit of the College of Southern Nevada, as of and for the years ended June 30, 2017 and 2016 and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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 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 respective financial position of the business-type activities of the College of Southern Nevada Foundation, Inc., as of June 30, 2017 and 2016, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Certified Public Accountants
20 YEARS & COUNTING

HOULDSWORTH, RUSSO & COMPANY

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Other Matters

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis on pages 3-5 be presented to supplement the basic financial statements. 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 for placing the basic financial statements in an appropriate operational, economic, or historical context. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with the 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.

Las Vegas, Nevada
August 28, 2017

The College of Southern Nevada Foundation, Inc. (the Foundation) was established in 1982 to solicit financial support for the College of Southern Nevada (the College) and manage the resulting charitable gifts. The Foundation is governed by a Board of Trustees elected annually by the Nevada System of Higher Education. The Foundation is supported by professional staff of the College.

Overview

The Foundation's Management's Discussion and Analysis (MD&A) of its financial condition provides an overview of financial activity, identifies changes in financial position and assists the reader in focusing on significant financial issues during the years ended June 30, 2017 and 2016, with comparative information as of June 30, 2015. This discussion provides summary-level financial information; therefore, it should be read in conjunction with accompanying financial statements and footnotes. The financial statements, footnotes and this discussion are the responsibility of management.

The financial statements have been prepared in accordance with Government Accounting Standards Board (GASB) Codification. There are three financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. These statements focus on the financial condition of the Foundation, the results of operations and cash flows of the Foundation as a whole. They are prepared using the economic resources measurement focus and the accrual basis of accounting.

Statement of Net Position

The statement of net position outlines the Foundation's financial condition at fiscal year end. The Foundation operations on a fiscal year that begins July 1 and ends June 30. This statement reflects the various assets, liabilities, and net position of the Foundation as of the fiscal years ended June 30, 2017, 2016, and 2015.

From the data presented, readers of the Statement of Net Position have the information to determine the assets available to continue the operations of the Foundation. They are also able to determine how much the Foundation owes vendors.

Finally, the Statement of Net Position provides a snapshot of the net position (assets minus liability) and their availability for expenditure by the Foundation.

The Statement of Net Position is presented in a classified format, which differentiates between current and noncurrent assets and liabilities, and also categorizes net position into three categories:

- Restricted Nonexpendable – Net position subject to donor-imposed stipulations that must be maintained permanently by the Foundation.
- Restricted Expendable – Net position subject to donor-imposed stipulations that will be transferred to the College for direct use by a designated program.
- Unrestricted – Net position not subject to donor-imposed stipulations or received with restrictions that were satisfied in the same period.

The corpus of nonexpendable restricted resources as it pertains to endowments is available only for investment purposes. The investment income earned is transferred to the College for distribution as scholarships to students in accordance with the donor's instructions.

College of Southern Nevada Foundation, Inc.
Management's Discussion and Analysis
June 30, 2017 and 2016

Condensed Statements of Net Position
As of June 30, 2017, 2016 and 2015

	2017	2016	Change 2017 to 2016	2015	Change 2016 to 2015
Assets					
Current assets	\$ 540,015	\$ 403,483	\$ 136,532	\$ 398,515	\$ 4,968
Investments - unrestricted	1,051,931	1,055,289	(3,358)	1,152,627	(97,338)
Investments - restricted	4,736,009	4,517,653	218,356	4,713,624	(195,971)
Other assets	43,331	38,961	4,370	69,562	(30,601)
Total assets	<u>6,371,286</u>	<u>6,015,386</u>	<u>355,900</u>	<u>6,334,328</u>	<u>(318,942)</u>
Liabilities					
Current liabilities	<u>69,734</u>	<u>82,350</u>	<u>(12,616)</u>	<u>31,111</u>	<u>51,239</u>
Total liabilities	<u>69,734</u>	<u>82,350</u>	<u>(12,616)</u>	<u>31,111</u>	<u>51,239</u>
Net Position					
Restricted - nonexpendable	2,648,103	2,643,103	5,000	2,491,603	151,500
Restricted - expendable	2,532,497	2,119,585	412,912	2,534,171	(414,586)
Unrestricted	<u>1,120,952</u>	<u>1,170,348</u>	<u>(49,396)</u>	<u>1,277,443</u>	<u>(107,095)</u>
Total Net Position	<u>\$ 6,301,552</u>	<u>\$ 5,933,036</u>	<u>\$ 368,516</u>	<u>\$ 6,303,217</u>	<u>\$ (370,181)</u>

The total net position of the Foundation changed by \$368,516 and (\$370,181), and 6.2% and (5.9%) for the years ended June 30, 2017 and 2016, respectively. The increase in the net position for the year ended June 30, 2017 is primarily due to the stabilization and increase in investments. The overall fundraising efforts of the Foundation were limited.

Statement of Revenues, Expenses and Changes in Net Position

Changes in net position presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Position. The purpose of the statement is to present the revenues received by the Foundation, both operating and non-operating, and the expenses recognized by the Foundation.

Operating revenues consist of contributions from individuals and entities (both directly and through special events), as well as investment income from investments held by the Foundation. Operating expenses are expenses incurred in connection with the Foundation's activities. The main purpose of the Foundation is to support the College by soliciting, accepting and managing gifts.

College of Southern Nevada Foundation, Inc.
Management's Discussion and Analysis
June 30, 2017 and 2016

Condensed Statements of Revenues, Expenditures and Changes in Net Position
For the Years Ended June 30, 2017, 2016 and 2015

	2017	2016	Change 2017 to 2016	2015	Change 2016 to 2015
Operating Revenues	\$ 1,363,620	\$ 860,573	\$ 503,047	\$ 709,728	\$ 150,845
Operating Expenses	1,000,104	1,257,254	(257,150)	1,472,101	(214,847)
Operating Income (Loss)	363,516	(396,681)	760,197	(762,373)	365,692
Contributions to Permanent Endowment	5,000	26,500	(21,500)	15,200	11,300
Change in Net Position	368,516	(370,181)	738,697	(747,173)	376,992
Net Position, Beginning of Year	5,933,036	6,303,217	(370,181)	7,050,390	(747,173)
Net Position, End of Year	<u>\$ 6,301,552</u>	<u>\$ 5,933,036</u>	<u>\$ 368,516</u>	<u>\$ 6,303,217</u>	<u>\$ (370,181)</u>

The Statements of Revenues, Expenses and Changes in Net Position reflects an increase in net position at the end of the current year and a decrease in the prior two years. Some items of note presented on this statement are:

- Operating contributions along with In-kind contributions contained in the operating revenues changed by (\$149,059) and \$315,968 for the years ended June 30, 2017 and 2016, respectively. The increase in 2016 was mainly due to one large in-kind contribution. During fiscal year 2016 the college received a very significant one-time in-kind contribution totaling \$298,800.
- Investment returns changed by \$633,203 and (\$165,895) for the years ended June 30, 2017 and 2016, respectively. The current year change is primarily due to the stabilization and increase in investments.

Economic Outlook

The 2016-2017 fiscal year was extremely productive for the CSN Foundation. During this time, the Foundation re-evaluated and strengthened a number of policies and procedures and finalized a draft of a CSN Foundation Policies and Procedures Handbook, which staff will update annually. The handbook promotes sound financial and operational practices and will be distributed electronically among faculty, staff and students to articulate and highlight the Foundation's role and capabilities to support the mission of the College. Finally, the board expanded this year from ten to 19 members, enhancing the reach of the Foundation's call to action to acquire individual and corporate support for CSN throughout the region.

At the annual meeting of the CSN Foundation Board of Trustees in June, Foundation staff outlined – and trustees endorsed – an ambitious fundraising calendar for the 2017-18 academic year. It will kick off with the rollout of the foundation's new brand at an ask event in the fall for business and community leaders. Also in the fall, the Foundation will launch a multi-year comprehensive campaign to raise \$5 million by the College's 50th anniversary in 2021 and a capital campaign to raise matching dollars for the new Health & Science Building. The Foundation will explore a 5K run/walk fundraiser to increase College community engagement, promote health and wellness and raise funds to enhance the College student experience at the start of the new year. The foundation will then wrap up the academic year and celebrate its success with the community at a gala event.

College of Southern Nevada Foundation, Inc.
Statements of Net Position
June 30, 2017 and 2016

	2017	2016
Assets		
Current Assets		
Cash and cash equivalents	\$ 53,349	\$ 111,111
Cash, restricted-expendable	400,658	202,430
Promises to give, current net	68,150	72,192
Investments	1,051,931	1,055,289
Investments, restricted-expendable	2,117,479	1,904,753
Prepaid expenses	17,256	17,148
Notes receivable, current, non-expendable	602	602
Total current assets	3,709,425	3,363,525
Noncurrent Assets		
Promises to give, non-current net	14,360	9,360
Notes receivable, non-current, non-expendable	28,971	29,601
Investments, restricted-nonexpendable	2,618,530	2,612,900
Total noncurrent assets	2,661,861	2,651,861
	\$ 6,371,286	\$ 6,015,386
Liabilities and Net Position		
Current Liabilities		
Accounts payable	\$ 40,825	\$ -
Due to CSN	28,909	22,350
Grants payable	-	60,000
Total current liabilities	69,734	82,350
Total liabilities	69,734	82,350
Net Position		
Restricted - nonexpendable	2,648,103	2,643,103
Restricted - expendable	2,532,497	2,119,585
Unrestricted	1,120,952	1,170,348
Total net position	6,301,552	5,933,036
	\$ 6,371,286	\$ 6,015,386

College of Southern Nevada Foundation, Inc.
 Statements of Revenues, Expenses, and Changes in Net Position
 Years Ended June 30, 2017 and 2016

	2017	2016
Operating Revenues		
Operating contributions, net	\$ 271,594	\$ 160,687
In-kind contributions	478,342	738,308
Special events revenue	112,790	93,887
Investment income, net	128,158	(84,808)
Unrealized gain (loss) on investment	372,736	(47,501)
Total operating revenues	1,363,620	860,573
Operating Expenses		
Program expenses		
College programs	162,023	484,744
Scholarships	263,165	114,699
Grants and awards	-	67,130
Memorials	-	3,309
Athletics	152,406	181,405
Total program expenses	577,594	851,287
Special event expenses	46,877	45,635
Fundraising expenses	84,144	99,520
Bad debt expenses	20,000	-
Other administrative expenses	271,489	260,812
Total operating expenses	1,000,104	1,257,254
Operating Income	363,516	(396,681)
Non-operating revenues		
Contributions to permanent endowments	5,000	26,500
Total non-operating revenues	5,000	26,500
Change in Net Position	368,516	(370,181)
Net Position, Beginning of Year	5,933,036	6,303,217
Net Position, End of Year	\$ 6,301,552	\$ 5,933,036

College of Southern Nevada Foundation, Inc.
 Statements of Cash Flows
 Years Ended June 30, 2017 and 2016

	2017	2016
Operating Activities		
Receipts from contributions	\$ 291,461	\$ 158,495
Receipts from special events	112,790	93,887
Investment income	128,158	(84,808)
Distributions to College of Southern Nevada	(365,696)	(311,960)
Distributions to UNLV	-	(3,750)
Grants paid	(60,000)	-
Payments for special events expenses	(46,877)	(45,635)
Payments for fundraising expenses	-	-
Payments for other administrative expenses	(82,738)	(84,096)
	(22,902)	(277,866)
Net Cash from Operating Activities		
Noncapital Financing Activities		
Gifts for endowment purposes	5,000	26,500
	5,000	26,500
Net Cash from Noncapital Financing Activities		
Investing Activities		
Purchases of investments	(22,794)	(926,048)
Proceeds from sale of investments	180,532	1,171,856
Receipt of principal payments on notes receivable	630	601
	158,368	246,409
Net Cash used for Investing Activities		
Net Change in Cash and Cash Equivalents	140,466	(4,957)
Cash and Cash Equivalents, Beginning of Year	313,541	318,498
Cash and Cash Equivalents, End of Year	\$ 454,007	\$ 313,541
Summary of Cash Accounts		
Cash	\$ 53,349	\$ 111,111
Cash, restricted - expendable	400,658	202,430
	\$ 454,007	\$ 313,541

College of Southern Nevada Foundation, Inc.
 Statements of Cash Flows
 Years Ended June 30, 2017 and 2016

	2017	2016
Reconciliation of Operating Income to Net		
Cash from Operating Activities		
Operating income	\$ 363,516	\$ (396,681)
Changes in assets and liabilities		
Promises to give	(958)	(2,192)
Prepaid expenses	(108)	22,267
Accounts payable	40,825	(12,656)
Due to CSN	6,559	3,895
Grants payable	(60,000)	60,000
Change in fair value of investments	(372,736)	47,501
Net Cash and Cash Equivalents from Operating Activities	\$ (22,902)	\$ (277,866)

Note 1 - Organization and Summary of Significant Accounting Policies**Nature of Activities**

The College of Southern Nevada Foundation, Inc. (the Foundation) was incorporated on September 23, 1982, in the state of Nevada to aid, support and assist the maintenance, promotion, growth, and improvement of the College of Southern Nevada (the College) by receiving, maintaining, and administering a fund of real and personal property obtained from all available sources and to use, apply and distribute the income and principal of such funds for the benefit of the College. The Foundation is located in Las Vegas, Nevada and receives the majority of its contributions from donors in the area.

Basis of Accounting

The Foundation is considered to be a governmental non-for-profit because of its relationship with the College, a campus of the Nevada System of Higher Education. The financial statements of the Foundation have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) Codification.

The Foundation is a component unit of the College as defined by the GASB Codification. As such, the Foundation reports its financial activities and position using a single column enterprise fund presentation.

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 flows. The statement of net position and the statement of revenues, expenses and changes in net position display information about the Foundation. These statements include the financial activity of the overall reporting entity.

The statement of revenues, expenses and changes in net position is the statement of financial activities related to the current reporting period.

Net Position

The Foundation classifies net position, revenues, gains, and other support and expenses based on the existence or absence of donor-imposed restrictions. Accordingly, net position of the Foundation and changes therein are classified as follows:

Restricted – Nonexpendable restrictions in net position subject to donor-imposed stipulations that must be maintained permanently by the Foundation.

Restricted – Expendable restrictions in net position subject to donor-imposed stipulations that will be transferred to the College for direct-use by a designated program.

Unrestricted – Net position not subject to donor-imposed stipulations or received with restrictions that were satisfied in the same period.

The Foundation solicits contributions for the Foundation operations and for specific program uses. When disbursements are made to the College for a specific program, funds restricted for that program are the first amounts used. If the College requests funds for a specific program that exceeds the amount available by donor restriction, the Foundation Board of Trustees may consider using unrestricted funds to satisfy the request.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with an original maturity date of three months or less to be cash equivalents.

Restricted Cash and Cash Equivalents and Investments

Cash and cash equivalents and investments that are restricted in accordance with donor stipulations for endowments are classified as noncurrent assets in the statement of net position.

Promises to Give

In accordance with GASB Codification, private donations are recognized when all eligibility requirements are met, provided that the promise is verifiable, the resources are measureable and collections are probable. Pledges receivable are recorded at net present value using the appropriate discount rate. An allowance for uncollectible pledges is estimated based on the Foundation's collection history and is netted against the gross pledges receivable and operating contributions. When a pledge is identified as uncollectible, the pledge is written off against the allowance.

From time to time, a donor may amend the terms of a pledge agreement to redirect the use of pledged funds. When this occurs, management reassesses the pledge to determine whether it meets the applicable revenue recognition criteria.

Donor contributions with contingencies are recorded as liabilities. Once the contingencies are met, the contributions are recorded as contributions.

Capital Assets

Capital assets are defined with an initial cost of \$500 or more and an estimated useful life in excess of one year. Such assets are stated at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. Accumulated depreciation is computed on a straight-line basis over three years for software. The software is fully depreciated but still in use.

Maintenance, repairs, and minor renewals are charged to operations as incurred. When an asset is disposed of, accumulated depreciation is deducted from the original cost, and any gain or loss arising from its disposal is credited or charged to operations.

Restricted and Unrestricted Revenue

Donations, gifts, and pledges are recognized as income when all eligibility requirements are met, provided that the promise is verifiable, the resources are measureable, and collection is probable. 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.

Revenue Recognition

Noncash tangible assets, other than marketable securities, contributed to the Foundation are recorded on the date legal title passes at the appraised value when it is provided by an independent third party acceptable to Foundation management. If no such independent third party appraisal is available, the asset is recorded at an objective, verifiable basis which is, in the judgement of Foundation management, a fair value to the Foundation for its purposes. If it is not practicable to determine an objective, verifiable valuation, the contribution is not recorded. Marketable securities contributed to the Foundation are recorded at market value as of the date of the gift.

Revenues of the Foundation that are for its primary purposes, which is to solicit financial support for the College and to manage and invest the resulting charitable gifts, are recorded as operating revenue.

Operating and Nonoperating Revenues and Expenses

Revenues and expenses are classified as operating if they result from providing services in connection with the Foundations' ongoing operations. The Foundation's operating revenues consist primarily of contributions received and investment income. Foundation expenses are those costs associated with the acquisition of donations and promotion of the College's image.

Income Tax Status

The Foundation is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from income taxes on related income pursuant to the appropriate section of the Internal Revenue Code. In the preparation of tax returns, tax positions are taken based on interpretation of federal, state and local tax laws. In accordance with accounting standards, management periodically reviews and evaluates the status of uncertain tax positions and makes estimates of amounts, including interest and penalties, ultimately due or owed. No amounts have been identified, or recorded as uncertain tax positions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, net position and disclosures regarding contingent assets and liabilities. Actual results could differ from those estimates.

Note 2 - Deposits with Financial Institutions and Investments

Cash and investments as of June 30, 2017 and 2016 are classified in the accompanying financial statements as follows:

	2017	2016
Cash and cash equivalents	\$ 53,349	\$ 111,111
Cash, restricted	400,658	202,430
Total cash and cash equivalents	\$ 454,007	\$ 313,541
Investments	\$ 1,051,931	\$ 1,055,289
Investments, restricted	4,736,009	4,517,653
Total investments	\$ 5,787,940	\$ 5,572,942

At June 30, 2017 and 2016, the Foundation had investments with a fair market value as follows:

	2017	2016
Equity mutual funds	\$ 2,847,162	\$ 2,452,827
Fixed income mutual funds	2,721,208	2,899,267
Real estate mutual funds	219,570	220,848
	\$ 5,787,940	\$ 5,572,942

Cash and cash equivalents are deposited with one financial institution. Custodial credit risk on deposits is the risk that in the event of a bank failure, the Foundation's deposits may not be returned to it. The Foundation does not have a formal policy for custodial credit risk. Deposits for the year ended June 30, 2017 that are uninsured and uncollateralized are as follows:

Uninsured and uncollateralized	\$ 408,450
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The cash and cash equivalents are invested in a money market fund that is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency; however the underlying securities of the fund's portfolio are guaranteed by the U.S. government.

The Foundation also has a cash account that is held at the College and is comingled with the funds of the College. Therefore, this amount is included in the uncollateralized balance above as it is not guaranteed to be covered due to the funds being comingled with those of the College.

Investments are measured at fair value on a recurring basis. *Recurring* fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

All of the Foundation's investments are comprised of open-end mutual funds with readily determinable fair values based on daily redemption values and are classified as Level 1.

Interest Rate Risk

Interest rate risk is the risk that the value of the fixed income securities will decline because of changes in interest rates. The prices of fixed income securities with longer duration to maturity tend to be more sensitive to changes in interest rates, and, therefore, more volatile than those with shorter investment lives. The Foundation's policy for reducing its exposure to interest rate risk is to have an average weighted duration that is to remain within 20% of the benchmark duration. As of June 30, 2017 the interest rate risk for the Foundation's investments is as follows:

Investment	Fair Value	Average Maturity
Equity mutual funds	\$ 2,847,162	N/A
Fixed income mutual funds	2,721,208	4.19
Real estate mutual funds	219,570	N/A
	\$ 5,787,940	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfil its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Foundation's policy for reducing its exposure to credit risk is to limit their aggregate position in any one issuer to 5%, with mutual funds and exchange traded funds exempted. Commercial paper, money market funds, and short term investment funds must be rated either "A-1 or P-1" or better. Fixed income securities must be rated investment grade or better at the time of purchase. As of June 30, 2017, the Foundation invested in fixed income mutual funds, which do not typically carry a credit rating. However, the underlying assets of the fixed income mutual funds are rated.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Foundation's investments within one issuer. The Foundation's policy for reducing its exposure to concentration risk is to limit the asset allocation within the respective equity and fixed income portfolios. As of June 30, 2017, the Foundation invests primarily in mutual funds, which minimizes the Foundations exposure to concentration of credit risk.

Note 3 - Contributed Services and Property

The employees providing services for the Foundation are employees of the College. The unreimbursed salaries and related benefits paid by the College totaled \$411,423 and \$327,501 for the years ended June 30, 2017 and 2016, respectively. This contribution to the Foundation is included in operating contributions. The Foundation distributed donations of property, equipment, and supplies of \$66,919 and \$410,807 for the years ended June 30, 2017 and 2016, respectively.

Note 4 - Pledges Receivable

The Foundation's pledges receivable at June 30 are as follows:

	2017	2016
Receivable in less than one year	\$ 68,150	\$ 72,192
Receivable in one to five years	15,000	10,000
	83,150	82,192
Less allowance for uncollectible pledges	-	-
Less discount to present value	(640)	(640)
	82,510	81,552
Current, net of allowance	68,150	72,192
Long-term, net of discount	\$ 14,360	\$ 9,360

The promises to give were recorded at fair value net of a discount to present value calculated between .45% and 1.17%.

Note 5 - Notes Receivable

In December 2012, the Foundation began receiving payments on a note receivable that they assumed as the beneficiary of a trust that liquidated. The Foundation receives monthly installments of \$165 at a rate of 4.5%. The note receivable matures in June 2042. As of June 30, 2017 and 2016, the outstanding balance on the note receivable was \$29,573 and \$30,203 respectively. The note receivable is collateralized by a deed of trust.

Note 6 - Related Party Transactions

The salaries and fringe benefits of the Foundation employees are paid for by the College. During the years ended June 30, 2017 and 2016, the College paid \$411,423 and \$327,501, respectively, for the services of the Foundation employees. Therefore, compensated absences are not accrued by the Foundation. The payments made on behalf of the Foundation include payments to either the Nevada Public Employee Retirement System ("PERS"), a cost-

sharing multiple-employer public employee retirement system or a Retirement Plan Alternative (RPA), a defined contribution plan. PERS issues a comprehensive annual financial report that includes financial statements and required supplementary information. The report may be obtained by writing to PERS at 693 W. Nye Lane, Carson City, NV 89703-1599.

During the year ended June 30, 2017 and 2016, the Foundation's investments are managed and held at an institution where a member of the Board of Directors is the president of the institution. The Foundation's cash is held at the same institution.

During the year ended June 30, 2017, the Foundation transferred funds and property to be used for various College programs and scholarships to the College in the amount of \$432,615. Of the \$432,615 recognized by the College as gifts \$66,919 was contributed as property and equipment and supplies and \$365,696 as cash directly to the College.

During the year ended June 30, 2016, the Foundation transferred funds and property to be used for various College programs and scholarships to the College in the amount of \$722,767. Of the \$722,767 recognized by the College as gifts \$410,807 was contributed as property and equipment and supplies, \$311,960 as cash directly to the College.

Note 7 - Endowments

The Foundation receives certain gift assets that are restricted for endowment purposes, and by definition the original gift amount will be held in perpetuity for the benefit of the College. Restriction requirement for principal preservation is addressed by Nevada statute and is applicable lacking any further guidance from the individual gift agreement. During the fiscal year ended June 30, 2017 and 2016, \$5,000 and \$26,500 was contributed to endowments, respectively. In addition, during the fiscal year ended June 30, 2016, a donor converted \$125,000 of a previous gift to an endowment.

The Foundation Board of Directors spends the earnings off of the endowed funds in any given year.

As of June 30, 2017 and 2016, the endowments held by the Foundation had net investment return, including investment income, fees, realized and unrealized gains and losses on donor restricted endowments of \$361,221 and (\$84,140). Unrealized appreciation (depreciation) is included with the "Restricted – Expendable" Fund Balance.