

**COLLEGE OF SOUTHERN NEVADA FOUNDATION, INC.**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT**

**JUNE 30, 2018 AND 2017**



HOULDSWORTH, RUSSO & COMPANY

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**COLLEGE OF SOUTHERN NEVADA FOUNDATION, INC.**

**JUNE 30, 2018 AND 2017**

**TABLE OF CONTENTS**

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-5
STATEMENTS OF NET POSITION	6
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	7
STATEMENTS OF CASH FLOWS	8-9
NOTES TO FINANCIAL STATEMENTS	10-16

## 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 business-type activities of the College of Southern Nevada Foundation, Inc. (the Foundation) as of and for the years ended June 30, 2018 and 2017 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 an opinion 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, 2018 and 2017, 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.

*Houldsworth, Russo & Company, P.C.*

Las Vegas, Nevada  
August 31, 2018

**COLLEGE OF SOUTHERN NEVADA FOUNDATION, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2018 AND 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, 2018 and 2017, with comparative information as of June 30, 2016. 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 operates 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, 2018, 2017, and 2016.

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 liabilities) 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.

**COLLEGE OF SOUTHERN NEVADA FOUNDATION, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**JUNE 30, 2018 AND 2017**

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.

Condensed Statements of Net Position  
As of June 30, 2018, 2017 and 2016

	<u>2018</u>	<u>2017</u>	<u>Change 2018 to 2017</u>	<u>2016</u>	<u>Change 2017 to 2016</u>
<b>Assets</b>					
Current assets	\$ 462,852	\$ 540,015	\$ (77,163)	\$ 403,483	\$ 136,532
Investments - unrestricted	1,097,794	1,051,931	45,863	1,055,289	(3,358)
Investments - restricted	4,877,560	4,736,009	141,551	4,517,653	218,356
Other assets	<u>28,225</u>	<u>43,331</u>	<u>(15,106)</u>	<u>38,961</u>	<u>4,370</u>
Total assets	<u>6,466,431</u>	<u>6,371,286</u>	<u>95,145</u>	<u>6,015,386</u>	<u>355,900</u>
<b>Liabilities</b>					
Current liabilities	<u>2,763</u>	<u>69,734</u>	<u>(66,971)</u>	<u>82,350</u>	<u>(12,616)</u>
Total liabilities	<u>2,763</u>	<u>69,734</u>	<u>(66,971)</u>	<u>82,350</u>	<u>(12,616)</u>
<b>Net position</b>					
Restricted – nonexpendable	2,679,283	2,648,103	31,180	2,643,103	5,000
Restricted – expendable	2,556,814	2,532,497	24,317	2,119,585	412,912
Unrestricted	<u>1,227,571</u>	<u>1,120,952</u>	<u>106,619</u>	<u>1,170,348</u>	<u>(49,396)</u>
Total net position	<u>\$ 6,463,668</u>	<u>\$ 6,301,552</u>	<u>\$ 162,116</u>	<u>\$ 5,933,036</u>	<u>\$ 368,516</u>

The total net position of the Foundation changed by \$162,116 and \$368,516, and 2.57% and 6.2% for the years ended June 30, 2018 and 2017, respectively. The increase in total assets for the year ended June 30, 2018 is primarily due to the increase in net position and the decrease in current liabilities. 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 (CONTINUED)**  
**JUNE 30, 2018 AND 2017**

Condensed Statements of Revenues, Expenses and Changes in Net Position  
For the Years Ended June 30, 2018, 2017 and 2016

	<u>2018</u>	<u>2017</u>	<u>Change 2018 to 2017</u>	<u>2016</u>	<u>Change 2017 to 2016</u>
Operating revenues	\$1,525,643	\$ 1,363,620	\$ 162,023	\$ 860,573	\$ 503,047
Operating expenses	<u>1,394,707</u>	<u>1,000,104</u>	<u>394,603</u>	<u>1,257,254</u>	<u>(257,150)</u>
Operating Income (Loss)	130,936	363,516	(232,580)	(396,681)	760,197
Contributions to Permanent Endowment	<u>31,180</u>	<u>5,000</u>	<u>26,180</u>	<u>26,500</u>	<u>(21,500)</u>
Change in Net Position	162,116	368,516	(206,400)	(370,181)	738,697
Net Position, Beginning 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>
Net Position, End of Year	<u>\$6,463,668</u>	<u>\$ 6,301,552</u>	<u>\$ 162,116</u>	<u>\$ 5,933,036</u>	<u>\$ 368,516</u>

The Statements of Revenues, Expenses and Changes in Net Position reflect an increase in net position at the end of the current and prior years and a decrease for 2016. Some items of note presented on this statement are:

- Special event revenue increased by \$200,970 and \$18,903 for the years ended June 30, 2018 and 2017, respectively. Special event expenses increased by \$124,914 and \$1,242 for the years ended June 30, 2018 and 2017, respectively. The current year charge is primarily due to the Gala event held in 2018.
- Investment returns changed by (\$177,242) and \$633,203 for the years ended June 30, 2018 and 2017, respectively. The current year change is primarily due to the fluctuations in investments.

### **Economic Outlook**

The 2017-2018 fiscal year was extremely productive for the Foundation. During this time, the Foundation re-evaluated and strengthened a number of policies and procedures and finalized a draft of a 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 10 to 19 members, enhancing the reach of the Foundation's call to action to acquire individual and corporate support for the College of Southern Nevada throughout the region. The Foundation had a very successful Gala event that was held after several years of not having a Gala event.

At the annual meeting of the Foundation Board of Trustees in May, Foundation staff outlined – and trustees endorsed – an ambitious fundraising calendar for the 2018-19 academic year. The Foundation will continue to work on 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 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**  
**FOR THE YEARS ENDING JUNE 30, 2018 AND 2017**

ASSETS

	2018	2017
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 64,068	\$ 53,349
Cash and cash equivalents, restricted-expendable	310,263	400,658
Promises to give, current net	63,360	68,150
Investments	1,097,794	1,051,931
Investments, restricted-expendable	2,227,191	2,117,479
Prepaid expenses	24,472	17,256
Notes receivable, current, restricted-nonexpendable	689	602
Total current assets	3,787,837	3,709,425
<b>Noncurrent Assets</b>		
Promises to give, non-current net	-	14,360
Notes receivable, non-current, nonexpendable	28,225	28,971
Investments, restricted-nonexpendable	2,650,369	2,618,530
Total noncurrent assets	2,678,594	2,661,861
	<b>\$ 6,466,431</b>	<b>\$ 6,371,286</b>

LIABILITIES AND NET POSITION

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 2,500	\$ 40,825
Due to College of Southern Nevada	263	28,909
	2,763	69,734
<b>NET POSITION</b>		
Restricted-nonexpendable	2,679,283	2,648,103
Restricted-expendable	2,556,814	2,532,497
Unrestricted	1,227,571	1,120,952
	6,463,668	6,301,552
	<b>\$ 6,466,431</b>	<b>\$ 6,371,286</b>

See notes to financial statements.

**COLLEGE OF SOUTHERN NEVADA FOUNDATION, INC.**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEARS ENDING JUNE 30, 2018 AND 2017**

	2018	2017
OPERATING REVENUES		
Operating contributions, net	\$ 351,264	\$ 271,594
In-kind contributions	536,967	478,342
Special events revenue	313,760	112,790
Investment income, net	195,459	128,158
Unrealized gain on investments	128,193	372,736
	1,525,643	1,363,620
OPERATING EXPENSES		
Program expenses:		
College programs	296,336	162,023
Scholarships	269,771	263,165
Athletics	130,436	152,406
	696,543	577,594
Special event expenses	171,791	46,877
Fundraising expenses	131,734	84,144
Bad debt expenses	-	20,000
Other administrative expenses	394,639	271,489
	1,394,707	1,000,104
Operating income	130,936	363,516
OTHER REVENUE		
Contributions to permanent endowments	31,180	5,000
	162,116	368,516
NET POSITION, BEGINNING OF YEAR	6,301,552	5,933,036
NET POSITION, END OF YEAR	\$ 6,463,668	\$ 6,301,552

See notes to financial statements.

**COLLEGE OF SOUTHERN NEVADA FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDING JUNE 30, 2018 AND 2017**

	2018	2017
Operating Activities		
Receipts from contributions	\$ 370,414	\$ 291,461
Receipts from special events	313,760	112,790
Investment income	195,459	128,158
Distributions to College of Southern Nevada	(604,719)	(365,696)
Grants paid	-	(60,000)
Payments for special events expenses	(171,791)	(46,877)
Payments for fundraising expenses	(32,619)	-
Payments for other administrative expenses	(122,798)	(82,738)
	(52,294)	(22,902)
Net cash used in operating activities		
Noncapital Financing Activities		
Gifts for endowment purposes	31,180	5,000
	31,180	5,000
Net cash from noncapital financing activities		
Investing Activities		
Purchase of investments	(802,721)	(22,794)
Proceeds from sale of investments	743,500	180,532
Receipts of principal payments on notes receivable	659	630
	(58,562)	158,368
Net cash from (used in) investing activities		
Net change in cash and cash equivalents	(79,676)	140,466
Cash and Cash Equivalents, Beginning of Year	454,007	313,541
Cash and Cash Equivalents, End of Year	\$ 374,331	\$ 454,007
Summary of Cash Accounts:		
Cash and cash equivalents	\$ 64,068	\$ 53,349
Cash and cash equivalents, restricted - expendable	310,263	400,658
	\$ 374,331	\$ 454,007

See notes to financial statements.

**COLLEGE OF SOUTHERN NEVADA FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**FOR THE YEARS ENDING JUNE 30, 2018 AND 2017**

	2018	2017
Reconciliation of Operating Income to Net		
Cash from Operating Activities		
Operating Income	\$ 130,936	\$ 363,516
Change in assets and liabilities		
Promises to give	19,150	(958)
Prepaid expenses	(7,216)	(108)
Accounts payable	(38,325)	40,825
Due to College of Southern Nevada	(28,646)	6,559
Grants payable	-	(60,000)
Change in fair value of investments	(128,193)	(372,736)
Net Cash and Cash Equivalents from Operating Activities	\$ (52,294)	\$ (22,902)

See notes to financial statements.

**COLLEGE OF SOUTHERN NEVADA FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**NOTE 1. 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 this area.

**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 flows.

**Basis of Presentation**

The Foundation is considered to be a governmental not-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.

**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 and reported 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.

**COLLEGE OF SOUTHERN NEVADA FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2018 AND 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Position (Continued)**

The Foundation solicits contributions for 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 Statements of Net Position.

**Investments**

The Foundation holds investments in equity securities, fixed income securities and real estate mutual funds. Investments in marketable equity securities with readily determinable fair values are stated at fair market value. Unrealized gains and losses are included in the change in net assets in the accompanying Statements of Revenues, Expenses and Changes in Net Assets.

**Promises to Give and Notes Receivable**

In accordance with GASB Codification, private donations are recognized when all eligibility requirements are met, provided that the promise is verifiable, the resources are measurable 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.

**COLLEGE OF SOUTHERN NEVADA FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2018 AND 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets**

Capital assets are defined with an initial unit 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 measurable, 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 Foundation's 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.

**COLLEGE OF SOUTHERN NEVADA FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2018 AND 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 certain reported amounts and disclosures, some of which may require revision in future periods.

**Subsequent Events**

Subsequent events have been evaluated through August 31, 2018, which is the date the financial statements were available to be issued.

**NOTE 2. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

Cash and investments as of June 30, 2018 and 2017 are classified in the accompanying financial statements as follows:

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 64,068	\$ 53,349
Cash and cash equivalents, restricted	<u>310,263</u>	<u>400,658</u>
Total cash and cash equivalents	<u>\$ 374,331</u>	<u>\$ 454,007</u>
Investments	\$ 1,097,794	\$ 1,051,931
Investments, restricted	<u>4,877,560</u>	<u>4,736,009</u>
Total investments	<u>\$ 5,975,354</u>	<u>\$ 5,787,940</u>

At June 30, 2018 and 2017, the Foundation had investments with a fair market value as follows:

	<u>2018</u>	<u>2017</u>
Equity mutual funds	\$ 3,467,305	\$ 2,847,162
Fixed income mutual funds	2,283,793	2,721,208
Real estate mutual funds	<u>224,256</u>	<u>219,570</u>
	<u>\$ 5,975,354</u>	<u>\$ 5,787,940</u>

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, 2018 that are uninsured and uncollateralized as are as follows:

Uninsured and uncollateralized	<u>\$ 293,183</u>
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**COLLEGE OF SOUTHERN NEVADA FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2018 AND 2017**

**NOTE 2. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (CONTINUED)**

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 fixed income securities will decline because of changes in interest rates. The prices of fixed income securities with shorter duration to maturity tend to be more sensitive to changes in interest rates, and, therefore, more volatile than those with longer 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, 2018, the interest rate risk for the Foundation's investments is as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Maturity</u>
Equity mutual funds	\$ 3,467,305	N/A
Fixed income mutual funds	2,283,793	4.19
Real estate mutual funds	<u>224,256</u>	N/A
	<u>\$ 5,975,354</u>	

**Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill 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, 2018, 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.

**COLLEGE OF SOUTHERN NEVADA FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2018 AND 2017**

**NOTE 2. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (CONTINUED)**

**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, 2018, the Foundation invests primarily in mutual funds, which minimizes the Foundation's 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 \$416,498 and \$411,423 for the years ended June 30, 2018 and 2017, respectively. This contribution to the Foundation is included in operating contributions. The Foundation distributed donations of property, equipment, and supplies of \$120,470 and \$66,919 for the years ended June 30, 2018 and 2017, respectively.

**NOTE 4. PROMISES TO GIVE**

The Foundation's promises to give receivable at June 30 are as follows:

	<u>2018</u>	<u>2017</u>
Receivable in less than one year	\$ 64,000	\$ 68,150
Receivable in one to five years	<u>-</u>	<u>15,000</u>
	64,000	83,150
Less discount to present value	<u>640</u>	<u>640</u>
	63,360	82,510
Current	<u>63,360</u>	<u>68,150</u>
Long-term, net of discount	<u>\$ -</u>	<u>\$ 14,360</u>

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

**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, 2018 and 2017, the outstanding balance on the note receivable as \$28,914 and \$29,573, respectively. The note receivable is collateralized by a deed of trust.

**COLLEGE OF SOUTHERN NEVADA FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2018 AND 2017**

**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, 2018 and 2017, the College paid \$416,498 and \$411,423, respectively, for the services of the Foundation employees (Note 3). 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, 2018 and 2017, 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, 2018, the Foundation transferred funds and property to be used for various College programs and scholarships to the College in the amount of \$606,008. Of the \$606,008 recognized by the College as gifts \$120,470 was contributed as property and equipment and supplies and \$485,538 as cash directly to the College.

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, \$365,696 as cash directly to the College.

**NOTE 6. 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, 2018 and 2017, \$31,180 and \$5,000 was contributed to endowments, respectively.

The Foundation Board of Directors appropriates the earnings of the endowed funds for expenditure in any given year.

As of June 30, 2018 and 2017, 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 \$214,974 and \$361,221, respectively. Unrealized appreciation (depreciation) is included with the “Restricted – expendable” fund balance.