

COLLEGE OF SOUTHERN NEVADA FOUNDATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

ELLSWORTH • STOUT
CPAs and Consultants

COLLEGE OF SOUTHERN NEVADA FOUNDATION, INC.
FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of College of Southern Nevada Foundation, Inc. (the Foundation), a component of the Nevada Higher Education System as of and for the year ended June 30, 2020, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 College of Southern Nevada Foundation, Inc., as of June 30, 2020, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



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Other Matters

Predecessor Auditor

The Foundation's financial statements as of June 30, 2019 were audited by other auditors whose report thereon, dated September 6, 2019, expressed an unmodified opinion on those financial statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-6 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 inquires 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 31, 2020, on our consideration of the Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Foundation's internal control over financial reporting and compliance.

Ellsworth & Stout, LLC

Las Vegas, Nevada
August 31, 2020

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

**COLLEGE OF SOUTHERN NEVADA FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020 AND 2019**

General Information

The following discussion and analysis of College of Southern Nevada Foundation, Inc. (the Foundation) provides an overview of the Foundation's financial activities as of and for the years ended June 30, 2020 and 2019. As management of the Foundation, we encourage readers to consider the information presented here in conjunction with the financial statements and notes. This annual report consists of a series of financial statements. The statements of net position, the statements of revenues, expenses and changes in net positions and the statement of cash flows provide information about the activities of the Foundation as a whole and present a longer-term view of the Foundation's finances.

The Foundation is a 501(c)(3) nonprofit corporation and 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 appointed annually by the Nevada System of Higher Education (NSHE). Accordingly, the Foundation is included in NSHE's financial statements as a discrete component unit only engaged in business-type activities. The Foundation is supported by professional staff of the College.

The Foundation serves as the primary fundraising, community relations, and gift management agency for the College. The Foundation manages fundraising activities, donor stewardship programs, and community development and outreach activities to foster a culture of philanthropy to the College. The Foundation manages a variety of assets for the benefit of the College. Among all of these, annual giving programs, scholarship giving programs, facilities support, and estate planning services are particularly important to the College.

Overview of the Financial Statements

Legally separate entities that are considered component units and are engaged only in business-type activities, are required to present the financial statements for government proprietary (enterprise) funds using an economic resources measurement focus and accrual basis of accounting. The Foundation's financial statements are prepared in accordance with accounting principles generally accepted in the United States as promulgated by the Governmental Accounting Standards Board (GASB). See the Notes to the Financial Statements for a summary of the Foundation's significant accounting policies.

The *statements of net position* present information on all of the Foundation's assets, liabilities and deferred inflows of resources, with the difference between the amounts reported as net position. Increases and decreases in net position may serve as a useful indicator of the Foundation's financial position; however, other nonfinancial factors such as change in the tax code and legal legislation related to charitable giving should be considered.

The *statements of revenues, expenses and changes in net position* present information showing how the Foundation's net position changed during each fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows in future periods.

The *statements of cash flows* relates to the flows of cash and cash equivalents. Consequently, only transactions that affect the Foundation's cash accounts are presented in this statement. A reconciliation is provided at the bottom of the statement of cash flows to assist in the understanding of the difference between cash flows from operating activities and operating income or loss.

**COLLEGE OF SOUTHERN NEVADA FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2020 AND 2019**

Statements of Net Position

This statement is presented in a classified format, which differentiates between current and non-current assets and liabilities, and also categorizes net position into three major categories; investments in capital assets net of related debt, restricted, unrestricted net position. Restricted net position is listed as nonexpendable or expendable.

Non-expendable restricted resources are subject to donor-imposed stipulations that must be maintained in perpetuity by the Foundation, for which spending is governed by Uniform Prudent Management of Institutional Funds Act (UPMIFA), as enacted by 2017 Nevada Senate Bill SB70 as described in Note 7, to the financial statements.

Expendable restricted resources consist of donor-imposed stipulations that will be transferred to the College for direct use by a designated program.

The principal (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 in accordance with the donors' instructions.

Unrestricted resources represent the portion of assets over which the Foundation retains full control and are not subject to donor-imposed stipulations or received with restrictions that were satisfied in the same fiscal year.

The Foundation's condensed statements of net position are as follows as of June 30:

	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>2018</u>	<u>Change</u>
Assets					
Current assets	\$ 7,023,793	\$ 4,123,699	\$ 2,900,094	\$ 3,787,837	\$ 335,862
Non-current assets	2,779,425	2,803,739	(24,314)	2,678,594	125,145
Total assets	<u>9,803,218</u>	<u>6,927,438</u>	<u>2,875,780</u>	<u>6,466,431</u>	<u>461,007</u>
Liabilities					
Current liabilities	-	8,385	(8,385)	2,763	5,622
Total liabilities	<u>-</u>	<u>8,385</u>	<u>(8,385)</u>	<u>2,763</u>	<u>5,622</u>
Net Position					
Restricted - nonexpendable	2,658,560	2,659,280	(720)	2,679,283	(20,003)
Restricted - expendable	5,752,781	3,121,067	2,631,714	2,556,814	564,253
Unrestricted	1,391,877	1,138,706	253,171	1,227,571	(88,865)
Total Net Position	<u>\$ 9,803,218</u>	<u>\$ 6,919,053</u>	<u>\$ 2,884,165</u>	<u>\$ 6,463,668</u>	<u>\$ 455,385</u>

The total assets of the Foundation changed by \$2,875,780 and \$461,007 or 42% and 7% for the years ended June 30, 2020 and 2019, respectively. The increase in total assets for the year ended June 30, 2020 is primarily due to the increase in cash and cash equivalents. Current assets increased primarily due to new gifts during the fiscal year ended June 30, 2020. There were no current liabilities as of June 30, 2020.

**COLLEGE OF SOUTHERN NEVADA FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2020 AND 2019**

Statements of Net Position (Continued)

Total net position increased by \$2,884,165 and \$455,385 or 42% and 7% for the years ended June 30, 2020 and 2019, respectively, as a result of the excess of operating expenses over operating and non-operating revenues. Further discussion of this will be noted in the following section.

Statements of Revenues, Expenses and Changes in Net Position

Changes in net position presented on the statements of net position are based on the activity shown in the statements of revenues, expenses and changes in net position. The purpose of this statement is to present the revenues received by the Foundation, both operating and non-operating, and the expenses recognized by the Foundation.

The Foundation's condensed statements of revenues, expenses and changes in net position are as follows for the years ended June 30:

	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>2018</u>	<u>Change</u>
Operating support and revenue	\$ 7,563,176	\$ 1,353,608	\$ 6,209,568	\$ 1,201,991	\$ 151,617
Operating expenses	4,863,664	1,229,405	3,634,259	1,394,707	(165,302)
Operating income	2,699,512	124,203	2,575,309	(192,716)	316,919
Non-operating revenue	184,653	323,182	(138,529)	323,652	(470)
Income before additions to permanent endowments	2,884,165	447,385	2,436,780	130,936	316,449
Additions to permanent endowments	-	8,000	(8,000)	31,180	(23,180)
Change in net position	2,884,165	455,385	2,428,780	162,116	293,269
Net position, beginning of year	6,919,053	6,463,668	455,385	6,301,552	162,116
Net position, end of year	<u>\$ 9,803,218</u>	<u>\$ 6,919,053</u>	<u>\$ 2,884,165</u>	<u>\$ 6,463,668</u>	<u>\$ 455,385</u>

The statements of revenues, expenses and changes in net position reflect an increase in net position at the end of the current and the prior year. Operating revenues include donor cash and pledge contributions, donor non-cash contributions, and university support. Operating expenses are expenses incurred in connection with the Foundation's activities. Non-operating revenues primarily include investment income and changes in market value of investments held by the Foundation.

Total operating support and revenue increased by over \$6 million or 459% for the year ended June 30, 2020, primarily related to operating contributions that increased by \$6 million or 852%. This increase is attributable to the capital campaign and \$6 million challenge match required by the Nevada State legislature for the new CSN/NSC Health Sciences building. As of the writing of this report, the building is under construction and will open in Fall 2021, as scheduled, as the Betty Engelstad School of Health Sciences – Henderson. The CSN Foundation, CSN and our students are grateful to the Engelstad Foundation \$3 million challenge match and the donors who joined us in our philanthropic commitment to empowering and educating future health care leaders in Southern Nevada.

Statements of Revenues, Expenses and Changes in Net Position (Continued)

Total operating expenses increased by over \$3 million or 296% for the year ended June 30, 2020, primarily related to program expenses (which are transfers from the Foundation to the College in support of college programs, scholarships, and athletics) that increased by almost \$4 million or 590%. This increase was directly attributed to the capital campaign as well as proactive fundraising to support programs that moved the CSN Commitment to student first forward including: scholarships, innovative programs and best and brightest faculty.

Administrative and other expenses decreased by \$60,769 or 17% for the year ended June 30, 2020 due to a decrease in staffing. and carefully reviewing operational expenses.

Economic Outlook

Ongoing, proactive fundraising to support student scholarships', excellence in education in and out of the classroom; and the best and brightest faculty and staff continues. The Foundation's organizational chart has been updated to support proactive fundraising, donor engagement, and recognition and communications. To secure our work for the future, the Foundation will be using a customer relationship management system to track donor outreach and hold Foundation staff accountable for forward momentum.

Requests for Information

The financial report is designed to provide a general overview of the Foundation's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the College of Southern Nevada Foundation, Inc. at 6375 W Charleston Blvd, Las Vegas, NV, or the Foundation can be reached at (702) 651-7535.

BASIC FINANCIAL STATEMENTS

COLLEGE OF SOUTHERN NEVADA FOUNDATION, INC.
STATEMENTS OF NET POSITION
JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 234,089	\$ 99,767
Cash and cash equivalents, restricted, expendable	3,549,038	210,883
Pledges receivable, net, restricted, expendable	682,250	115,000
Investments	1,119,593	1,026,165
Investments, restricted, expendable	1,399,874	2,650,005
Prepaid expense	38,195	21,159
Notes receivable, current, restricted, non-expendable	754	720
Total current assets	<u>7,023,793</u>	<u>4,123,699</u>
Non-current assets:		
Pledges receivable, net, restricted, expendable	121,619	145,179
Investments, restricted, non-expendable	2,631,055	2,631,055
Notes receivable, restricted, non-expendable	26,751	27,505
Total non-current assets	<u>2,779,425</u>	<u>2,803,739</u>
Total Assets	<u>\$ 9,803,218</u>	<u>\$ 6,927,438</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ -	\$ 8,385
Total current liabilities	<u>-</u>	<u>8,385</u>
Total Liabilities	<u>-</u>	<u>8,385</u>
NET POSITION		
Restricted:		
Non-expendable	2,658,560	2,659,280
Expendable	5,752,781	3,121,067
Unrestricted	1,391,877	1,138,706
Total Net Position	<u>\$ 9,803,218</u>	<u>\$ 6,919,053</u>

See accompanying notes to the financial statements.

COLLEGE OF SOUTHERN NEVADA FOUNDATION, INC.
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Operating Revenues		
Operating contributions	\$ 7,136,784	\$ 749,460
In-kind contributions	309,876	441,148
Special events revenue	116,516	163,000
Total operating revenues	<u>7,563,176</u>	<u>1,353,608</u>
Operating Expenses		
Program expenses:		
College programs	4,298,409	274,770
Scholarships	84,079	208,225
Athletics	50,540	159,791
Total program expenses	<u>4,433,028</u>	<u>642,786</u>
Administrative and other expenses	303,746	364,515
Bad debt expense	-	10,000
Fundraising expenses	71,093	140,808
Special event expenses	55,797	71,296
Total operating expenses	<u>4,863,664</u>	<u>1,229,405</u>
Operating income	<u>2,699,512</u>	<u>124,203</u>
Non-Operating Revenues		
Contributions to permanent endowments	-	8,000
Investment income	142,567	136,597
Net realized and unrealized gain on investments	42,086	186,585
Total non-operating revenues	<u>184,653</u>	<u>331,182</u>
Increase in Net Position	2,884,165	455,385
Net Position, Beginning of Year	<u>6,919,053</u>	<u>6,463,668</u>
Net Position, End of Year	<u>\$ 9,803,218</u>	<u>\$ 6,919,053</u>

See accompanying notes to the financial statements.

COLLEGE OF SOUTHERN NEVADA FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Operating Activities		
Cash received from contributions	\$ 6,593,094	\$ 542,641
Cash received from special events	116,516	163,000
Distributions to the College of Southern Nevada	(4,417,291)	(603,942)
Payments to vendors for supplies and services	(161,918)	(165,380)
Net cash provided by (used in) operating activities	<u>2,130,401</u>	<u>(63,681)</u>
Non-Capital Financing Activities		
Gifts to permanent endowments	<u>-</u>	<u>8,000</u>
Investing Activities		
Investment income	142,567	136,597
Purchase of investments	(2,682,950)	(1,378,217)
Proceeds from sale of investments	3,881,739	1,232,931
Cash received from principal payments on notes receivable	720	689
Net cash provided by (used in) investing activities	<u>1,342,076</u>	<u>(8,000)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,472,477	(63,681)
Cash and Cash Equivalents, Beginning of Year	<u>310,650</u>	<u>374,331</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,783,127</u>	<u>\$ 310,650</u>
Summary of Cash Accounts:		
Cash and cash equivalents	\$ 234,089	\$ 99,767
Cash and cash equivalents, restricted	3,549,038	210,883
	<u>\$ 3,783,127</u>	<u>\$ 310,650</u>

See accompanying notes to the financial statements.

COLLEGE OF SOUTHERN NEVADA FOUNDATION, INC.
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Reconciliation of Operating Income to Net Cash from Operating Activities		
Operating income	\$ 2,699,512	\$ 124,203
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Bad debt expense	-	10,000
Changes in operating assets and liabilities:		
Pledges receivable, net	(543,690)	(206,819)
Prepaid expenses	(17,036)	3,313
Accounts payable	(8,385)	5,885
Due to College of Southern Nevada	-	(263)
Net Cash provided by (used in) Operating Activities	<u>\$ 2,130,401</u>	<u>\$ (63,681)</u>
 Supplemental Disclosure of Non-Cash Information:		
Fair market value adjustments		
Investments	\$ (42,086)	\$ (186,585)
Discount to present value	(2,208)	4,181
Total Fair Market Value Adjustments	<u>\$ (44,294)</u>	<u>\$ (182,404)</u>

See accompanying notes to the financial statements.

COLLEGE OF SOUTHERN NEVADA FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of the College of Southern Nevada Foundation, Inc. (the Foundation) is presented to assist in understanding the Foundation's financial statements. The financial statements and notes are representations of the Foundation's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of the Organization

The Foundation is a 501(c)(3) nonprofit that was incorporated on September 23, 1982 in the state of Nevada with a mission to graduate students of College of Southern Nevada (the college) debt-free through philanthropy. The Foundation is located in Las Vegas, Nevada and receives the majority of its contributions from donors in this area. The Foundation is governed by a Board of Trustees appointed annually by the Nevada System of Higher Education (NSHE). Accordingly, the Foundation is included in NSHE's financial statements as a discrete component unit only engaged in business-type activities. The Foundation is supported by professional staff of the College.

The Foundation serves as the primary fundraising, community relations, and gift management agency for the College. The Foundation manages fundraising activities, donor stewardship programs, and community development and outreach activities to foster a culture of philanthropy to the College. The Foundation manages a variety of assets for the benefit of the College. Among all of these, annual giving programs, scholarship giving programs, facilities support, and estate planning services are particularly important to the College.

Basis of Presentation

Legally separate entities that are considered component units and are engaged only in business-type activities, are required to present the financial statements for government proprietary (enterprise) funds using an economic resources measurement focus and accrual basis of accounting. The Foundation's financial statements are prepared in accordance with accounting principles generally accepted in the United States as prescribed by the Governmental Accounting Standards Board (GASB) Codification. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

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, assumptions, and judgments that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Foundation defines cash and cash equivalents as cash and short-term investments with an initial maturity of three months or less.

Cash and cash equivalents and investments that are restricted in accordance with donor stipulations for endowments are classified as non-current assets in the statements of net position.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pledges and Notes Receivable

In accordance with GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, private donations are recognized when all eligibility requirements are met, provided that the promise is verifiable, the resources are measurable, and collection is 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 pledge receivables. 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. As the eligibility requirements for endowment gifts cannot be met until funds are invested, endowment pledges are not recorded as revenue until cash or other assets are received.

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

Investments and Fair Value

Investments are measured at fair value on a recurring basis. Fair value is the price at which a financial instrument could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale. 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. Unrealized gains and losses are included in the change in net position in the accompanying statements of revenues, expenses and changes in net position.

Capital Assets

Capital assets are defined by the Foundation as assets with an initial individual cost of \$500 and an estimated useful life in excess of one year. Such assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. Costs of normal repair or maintenance that do not add value or materially extend asset life are not capitalized. Depreciation on all capital assets is provided on the straight-line basis over three years for software. The software is fully depreciated but still in use.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 non-expendable net position includes donor-imposed stipulations that must be maintained permanently by the Foundation.
- Restricted expendable net position includes donor-imposed stipulations that must be transferred to the College for direct-use by a designated program.
- Unrestricted net position includes assets not subject to donor-imposed stipulations or received with restrictions that were satisfied in the same period as received.

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 the program are the first amounts used. If the College requests funds for a specific program that exceeds the amount available by donor restrictions, the Foundation Board of Trustees may consider using unrestricted funds to satisfy the request.

Restricted and Unrestricted Revenue Recognition

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 non-expendable resources, depending on the existence and/or nature of any donor restrictions.

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.

Operating Revenues and Expenses

Revenues and expenses 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 revenues and expenses. The Foundation's operating revenues include donor cash and pledge contributions, donor non-cash contributions, and university support. Operating expenses are expenses incurred in connection with the Foundation's mission.

Non-Operating Revenues

Non-operating revenue includes interest and dividends on investments, net of investment expenses, as well as realized gains (losses) and unrealized gains (losses) on investments.

COLLEGE OF SOUTHERN NEVADA FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020 AND 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no income tax is reflected in the accompanying financial statements. Candlelighters qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as a foundation that is not a private foundation within the meaning of Section 509(a)(1) of the Code.

Management has evaluated the tax positions taken within their tax returns and does not believe there are any significant uncertain positions taken on the returns.

The Foundation is no longer subject to potential income tax examinations by tax authorities for years prior to 2017.

Reclassification

Certain amounts in the prior financial statements have been reclassified for comparative purposes to conform to the presentation in the current period financial statements.

New Accounting Pronouncement

In June 2017, the GASB issued Statement No. 87, Leases, which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement is effective for annual reporting periods beginning after December 15, 2021, with early adoption permitted. The Foundation is currently evaluating the impact the adoption of this statement will have on its financial statements.

NOTE 2 – PLEDGES RECEIVABLE

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

	<u>2020</u>	<u>2019</u>
Receivable in less than one year	\$ 682,250	\$ 115,000
Receivable in one to five years	124,232	150,000
	<u>806,482</u>	<u>265,000</u>
Less discount to present value	2,613	4,821
	<u>803,869</u>	<u>260,179</u>
Current	682,250	115,000
Long-term, net of discount	<u>\$ 121,619</u>	<u>\$ 145,179</u>

Pledges received after one year are recorded at fair value and discounted at the 5-year U.S. Treasury rate of 1.71% to 1.76%.

COLLEGE OF SOUTHERN NEVADA FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020 AND 2019

NOTE 3 – INVESTMENTS

The Foundation discloses its deposits with financial institutions and investments in accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*.

The calculation of realized gains and losses is independent of the calculation of the net change in the fair value of investments. Realized gains and losses on investments that had been held more than one fiscal year and sold in the current year were included as a change in the fair value of investments reported in prior years. Investment expenses of \$28,703 and \$26,540 for the years ended June 30, 2020 and 2019, respectively, was netted against interest and dividends on the accompanying statement of revenues, expenses and changes in net position. Investments are recorded on the date of the trade.

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.

As of June 30, 2020 and 2019, the Foundation had investments with a fair market value as follows:

	<u>2020</u>	<u>2019</u>
Equity mutual funds	\$ 3,432,444	\$ 3,933,072
Fixed income mutual funds	1,539,555	2,140,314
Real estate mutual funds	178,523	233,839
	<u>\$ 5,150,522</u>	<u>\$ 6,307,225</u>

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Foundation will not be able to recover deposits that are in the possession of an outside party. At June 30, 2020 and 2019, the total balance for the Foundation’s cash and money market funds was \$3,783,128 and \$310,650, respectively. Of this balance, \$229,007 and \$227,384 was covered by the Federal Deposit Insurance Corporation (FDIC), and \$3,554,121 and \$83,266 was uninsured as of June 30, 2020 and 2019, respectively. Cash balances in United States banks are insured by the FDIC up to \$250,000 per bank.

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.

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, 2020 and 2019, 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 THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020 AND 2019

NOTE 3 – 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, 2020 and 2019, the Foundation invests only in open-end mutual funds, which minimizes the Foundation’s exposure to concentration of credit risk.

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 a weighted average duration that is to remain within 20% of the benchmark duration. As of June 30, 2020 and 2019, the Foundation’s investments and related weighted average maturities are as follows:

	2020	Weighted	2019	Weighted
	Fair Value	Average	Fair Value	Average
	_____	Maturity	_____	Maturity
Equity mutual funds	\$ 3,432,444	N/A	\$ 3,933,072	N/A
Fixed income mutual funds	1,539,555	6.8	2,140,314	4.19
Real estate mutual funds	178,523	N/A	233,839	N/A
	_____		_____	
	\$ 5,150,522		\$ 6,307,225	
	_____		_____	

NOTE 4 – 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, 2020 and 2019, the outstanding balance on the note receivable was \$27,505 and \$28,225, respectively. The note receivable is collateralized by a deed of trust.

NOTE 5 – ENDOWMENTS

The total donor endowments as of June 30, 2020 and 2019 was \$4,698,231 and \$5,250,584, respectively, of which \$2,657,869 and \$2,659,280 were classified as restricted non-expendable resources that are subject to donor-imposed stipulations that must be maintained in perpetuity by the Foundation. The decrease in these funds related to a small decrease in the fair market value of the investments. The remaining donor endowment assets are classified as restricted expendable resources that are subject to donor-imposed stipulations by time our purpose. The Board has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the long term preservation of the fair value of the original gift amount as of the gift date of donor restricted endowment funds, absent explicit donor stipulations to the contrary. The Foundation receives certain contributions that are restricted for endowment purposes, and by definition the original gift amount will be held in perpetuity for the benefit of the College.

COLLEGE OF SOUTHERN NEVADA FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020 AND 2019

NOTE 5 – ENDOWMENTS (Continued)

During the fiscal year ended June 30, 2020 and 2019, \$0 and \$8,000 was contributed to endowments, respectively.

As of June 30, 2020 and 2019, 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 \$147,647 and \$214,487, respectively. Unrealized appreciation (depreciation) is included with the “Restricted – expendable” fund balance. The Foundation Board of Directors appropriates the earnings of the endowed funds for expenditure in any given fiscal year, based on donor stipulations when applicable.

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, 2020 and 2019, the College paid \$294,139 and \$386,993, 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, 2020, the Foundation transferred funds and supplies to be used for college programs, scholarships, and athletics to the College in the amount of \$4,433,028. Of the \$4,433,028 recognized by the College as gifts \$15,737 was contributed as various equipment and supplies and \$4,417,291 as cash directly to the College.

During the year ended June 30, 2019, the Foundation transferred funds and supplies to be used for college programs, scholarships, and athletics to the College in the amount of \$642,786. Of the \$642,786 recognized by the College as gifts \$38,844 was contributed as various equipment and supplies and \$603,942 as cash directly to the College.

NOTE 7 – CONTINGENCIES

In March 2020, the World Health Organization officially characterized a novel strain of the coronavirus (COVID-19) as a global pandemic. Management is currently responding to the existing effects and planning for the potential future effects that the COVID-19 pandemic may have on the Company operations, including the overall health of the economy and consumer spending. At the current time, management is unable to quantify the potential effects of this pandemic on the Company’s future financial statements.

NOTE 8 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 31, 2020, which is the date the financial statements were available to be issued. No events were identified that would require additional disclosure.

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of College of Southern Nevada Foundation, Inc. (the Foundation) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise College of Southern Nevada Foundation, Inc.'s basic financial statements, and have issued our report thereon dated August 31, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered College of Southern Nevada Foundation, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of College of Southern Nevada Foundation, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of College of Southern Nevada Foundation, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether College of Southern Nevada Foundation, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ellsworth & Stout, LLC

Las Vegas, Nevada
August 31, 2020



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