

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

FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

**COLLEGE OF SOUTHERN NEVADA FOUNDATION, INC.
FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

Table of Contents

Independent Auditor’s Report	1-2
Management’s Discussion and Analysis	3-6
Basic Financial Statements:	
Statements of Net Position	7
Statements of Revenues, Expenses and Changes in Net Position	8
Statements of Cash Flows	9-10
Notes to the Financial Statements	11-17
Other Reports Required by <i>Government Auditing Standards</i>:	
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 <i>Governmental Auditing Standards</i>	18

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of College of Southern Nevada Foundation, Inc. (the Foundation), a component of the Nevada System of Higher Education as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly in all material respects, the financial positions of College of Southern Nevada Foundation, Inc., as of June 30, 2022 and 2021, and the 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.

Basis for Opinions

We conducted our audits 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



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In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audits.

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 11, 2022, 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 audits 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 11, 2022

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

**COLLEGE OF SOUTHERN NEVADA FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022 AND 2021**

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, 2022 and 2021. 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, 2022 AND 2021

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>2022</u>	<u>2021</u>	<u>Change</u>	<u>2020</u>	<u>Change</u>
Assets					
Current assets	\$ 7,983,213	\$ 8,867,123	\$ (883,910)	\$ 7,023,793	\$ 1,843,330
Non-current assets	2,451,486	3,158,361	(706,875)	2,779,425	378,936
Total assets	<u>10,434,699</u>	<u>12,025,484</u>	<u>(1,590,785)</u>	<u>9,803,218</u>	<u>2,222,266</u>
Liabilities					
Current liabilities	127,495	53,741	73,754	8,385	45,356
Total liabilities	<u>127,495</u>	<u>53,741</u>	<u>73,754</u>	<u>8,385</u>	<u>45,356</u>
Net Position					
Restricted - nonexpendable	2,176,311	2,366,099	(189,788)	2,658,560	(292,461)
Restricted - expendable	7,103,939	8,106,861	(1,002,922)	5,752,781	2,354,080
Unrestricted	1,026,954	1,498,783	(471,829)	1,391,877	106,906
Total Net Position	<u>\$ 10,307,204</u>	<u>\$ 11,971,743</u>	<u>\$ (1,664,539)</u>	<u>\$ 9,803,218</u>	<u>\$ 2,168,525</u>

The total assets of the Foundation changed by \$(1,590,785) and \$2,222,266 or -13% and 23% for the years ended June 30, 2022 and 2021, respectively. The decrease in total assets for the year ended June 30, 2022, is due to a decrease in investments mainly caused by unrealized losses in the market, as well as an increase in spending related to program expenses for college programs and scholarships. Current assets decreased primarily due to the decrease in investments. There was an increase in current liabilities as of June 30, 2022, due to timing of when vendors were paid.

**COLLEGE OF SOUTHERN NEVADA FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2022 AND 2021**

Statements of Net Position (Continued)

Total net position decreased by \$1,664,539 or -14% for the year ended June 30, 2022, as a result of an increase in expenses, as well as losses incurred in the market. Total net position increased by and \$2,168,523 or 22% for the year ended June 30, 2021, 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>2022</u>	<u>2021</u>	<u>Change</u>	<u>2020</u>	<u>Change</u>
Operating support and revenue	\$ 775,058	\$ 1,691,740	\$ (916,682)	\$ 1,353,608	\$ 338,132
Operating expenses	<u>1,671,395</u>	<u>873,786</u>	<u>797,609</u>	<u>1,229,405</u>	<u>(355,619)</u>
Operating income	(896,337)	817,954	(1,714,291)	124,203	693,751
Non-operating revenue	<u>(774,202)</u>	<u>1,350,571</u>	<u>(2,124,773)</u>	<u>323,652</u>	<u>1,026,919</u>
Income before additions to permanent endowments	(1,670,539)	2,168,525	(3,839,064)	447,855	1,720,670
Additions to permanent endowments	<u>6,000</u>	<u>-</u>	<u>6,000</u>	<u>8,000</u>	<u>(8,000)</u>
Change in net position	(1,664,539)	2,168,525	(3,833,064)	455,855	1,712,670
Net position, beginning of year	<u>11,971,743</u>	<u>9,803,218</u>	<u>2,168,525</u>	<u>6,463,668</u>	<u>3,339,550</u>
Net position, end of year	<u>\$ 10,307,204</u>	<u>\$ 11,971,743</u>	<u>\$ (1,664,539)</u>	<u>\$ 6,919,523</u>	<u>\$ 5,052,220</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 decreased by \$910,682 or 54% for the year ended June 30, 2022, primarily related to operating contributions that decreased from previous year. This decrease is attributable to the impact of the pandemic, as well as changes in management.

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

The CSN Foundation, CSN, and our students are grateful for the generous support of our donors who have joined us in our philanthropic commitment to empower and educate future leaders of Southern Nevada.

Total operating expenses increased by \$797,609 or 91% for the year ended June 30, 2022, primarily related to an increase in spending related to program expenses for college programs, awards, and scholarships. This increase was directly related to donations in both current and prior years, designated for current year activities, furthering the mission of CSN and CSN Foundation.

Fundraising expenses decreased by \$5,843 or 9% for the year ended June 30, 2022, due to not holding as many fundraising events during the pandemic, as well as changes in management.

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 and alumni engagement, and recognition and communications. To expand our philanthropic impact for the future, the Foundation will be adding a Manager of Donor and Alumni Relations. The Foundation will continue to utilize a customer relationship management system to track donor outreach and engagement, supporting forward momentum toward accomplishing our mission through philanthropy.

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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 74,451	\$ 244,313
Cash and cash equivalents, restricted, expendable	4,043,071	3,992,841
Pledges receivable, net, restricted, expendable	268,998	248,913
Investments	1,078,176	1,303,977
Investments, restricted, expendable	2,515,870	3,072,057
Prepaid expense	1,822	4,234
Notes receivable, current, restricted, non-expendable	825	788
Total current assets	<u>7,983,213</u>	<u>8,867,123</u>
Non-current assets:		
Pledges receivable, net, restricted, expendable	276,000	443,050
Investments, restricted, non-expendable	2,150,348	2,339,348
Certificates of deposit, restricted, expendable	-	350,000
Notes receivable, restricted, non-expendable	25,138	25,963
Total non-current assets	<u>2,451,486</u>	<u>3,158,361</u>
Total Assets	<u>\$ 10,434,699</u>	<u>\$ 12,025,484</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 127,495	\$ 53,741
Total current liabilities	<u>127,495</u>	<u>53,741</u>
NET POSITION		
Restricted:		
Non-expendable	2,176,311	2,366,099
Expendable	7,103,939	8,106,861
Unrestricted	1,026,954	1,498,783
Total Net Position	<u>\$ 10,307,204</u>	<u>\$ 11,971,743</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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Operating Revenues		
Operating contributions	\$ 525,303	\$ 1,395,261
In-kind contributions	241,196	294,729
Other income	8,559	-
Special events revenue	-	1,750
Total operating revenues	<u>775,058</u>	<u>1,691,740</u>
Operating Expenses		
Program expenses:		
College programs	755,622	299,353
Scholarships	447,900	48,621
Athletics	107,472	161,324
Total program expenses	<u>1,310,994</u>	<u>509,298</u>
Administrative and other expenses	298,949	294,840
Fundraising expenses	59,628	65,471
Special event expenses	1,824	4,177
Total operating expenses	<u>1,671,395</u>	<u>873,786</u>
Operating income (loss)	<u>(896,337)</u>	<u>817,954</u>
Non-Operating Revenues (Expenses)		
Contributions to permanent endowments	6,000	-
Investment income	81,788	152,237
Net realized and unrealized gain (loss) on investments	(855,990)	1,198,334
Total non-operating revenues (loss)	<u>(768,202)</u>	<u>1,350,571</u>
Increase (Decrease) in Net Position	(1,664,539)	2,168,525
Net Position, Beginning of Year	<u>11,971,743</u>	<u>9,803,218</u>
Net Position, End of Year	<u>\$ 10,307,204</u>	<u>\$ 11,971,743</u>

See accompanying notes to the financial statements.

COLLEGE OF SOUTHERN NEVADA FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
Operating Activities		
Cash received from contributions	\$ 672,268	\$ 1,507,167
Cash received from special events	-	1,750
Cash received from other sources	8,559	-
Distributions to the College of Southern Nevada	(1,200,021)	(464,797)
Distributions to other organizations	(104,124)	(18,569)
Payments to vendors for supplies and services	(49,888)	(7,989)
Net cash provided by (used in) operating activities	<u>(673,206)</u>	<u>1,017,562</u>
Non-Capital Financing Activities		
Gifts to permanent endowments	6,000	-
Net cash provided by financing activities	<u>6,000</u>	<u>-</u>
Investing Activities		
Investment income	81,788	152,237
Purchase of certificates of deposit	-	(350,000)
Purchase of investments	(5,020,951)	(581,531)
Proceeds from sale of investments	5,135,949	215,005
Cash received from maturity of CD	350,000	-
Cash received from principal payments on notes receivable	788	754
Net cash provided by (used in) investing activities	<u>547,574</u>	<u>(563,535)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(119,632)	454,027
Cash and Cash Equivalents, Beginning of Year	<u>4,237,154</u>	<u>3,783,127</u>
Cash and Cash Equivalents, End of Year	<u>\$ 4,117,522</u>	<u>\$ 4,237,154</u>
Summary of Cash Accounts:		
Cash and cash equivalents	\$ 74,451	\$ 244,313
Cash and cash equivalents, restricted	4,043,071	3,992,841
	<u>\$ 4,117,522</u>	<u>\$ 4,237,154</u>

See accompanying notes to the financial statements.

COLLEGE OF SOUTHERN NEVADA FOUNDATION, INC.
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Reconciliation of Operating Income to Net Cash from Operating Activities		
Operating income (loss)	\$ (896,337)	\$ 817,954
Adjustments to reconcile operating income to net cash provided by operating activities:		
Bad debt expense	-	-
Changes in operating assets and liabilities:		
Pledges receivable, net	146,965	111,906
Prepaid expenses	2,412	33,961
Accounts payable	73,754	53,741
Due to College of Southern Nevada	-	-
Net Cash provided by (used in) Operating Activities	<u>\$ (673,206)</u>	<u>\$ 1,017,562</u>
 Supplemental Disclosure of Non-Cash Information:		
Fair market value adjustments		
Investments	\$ 855,990	\$ (1,198,334)
Discount to present value	-	(2,208)
Total Fair Market Value Adjustments	<u>\$ 855,990</u>	<u>\$ (1,200,542)</u>

See accompanying notes to the financial statements.

COLLEGE OF SOUTHERN NEVADA FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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 in Las Vegas, Nevada and receives most 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.

COLLEGE OF SOUTHERN NEVADA FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022 AND 2021

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 receivables 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, 2022 AND 2021

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 2019.

NOTE 2 – PLEDGES RECEIVABLE

The Foundation’s pledges receivable are as follows as of June 30:

	2022	2021	2020
Receivable in less than one year	\$ 269,948	\$ 248,913	\$ 682,250
Receivable in one to five years	276,000	443,050	124,232
	545,948	691,963	806,482
Less discount to present value	950	950	2,613
	544,998	691,013	803,869
Current	268,998	248,913	682,250
Long-term, net of discount	\$ 276,000	\$ 442,100	\$ 121,619

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

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 fees of \$31,399 and \$29,224 for the years ended June 30, 2022 and 2021, 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.

COLLEGE OF SOUTHERN NEVADA FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022 AND 2021

NOTE 3 – INVESTMENTS (Continued)

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.

The Foundation had investments with a fair market value for the following as of June 30:

	2022	2021
Equity mutual funds	\$ 3,937,456	\$ 4,596,949
Fixed income mutual funds	1,613,499	1,889,932
Real estate mutual funds	193,439	228,501
	<u>\$ 5,744,394</u>	<u>\$ 6,715,382</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. As of June 30, 2022 and 2021, the total balance of the Foundation’s cash and money market funds was \$4,117,522 and \$4,237,157, respectively. Of this balance, \$520,094 and \$513,642 was covered by the Federal Deposit Insurance Corporation (FDIC), and \$3,597,428 and \$3,723,511 was uninsured as of June 30, 2022 and 2021, 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, 2022 and 2021, 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, 2022 and 2021, the Foundation invests only in open-end mutual funds, which minimizes the Foundation’s exposure to concentration of credit risk.

COLLEGE OF SOUTHERN NEVADA FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022 AND 2021

NOTE 3 – INVESTMENTS (Continued)

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, 2022 and 2021, the Foundation’s investments and related weighted average maturities are as follows:

	2022 Fair Value	Weighted Average Maturity	2021 Fair Value	Weighted Average Maturity
Equity mutual funds	\$ 3,937,456	N/A	\$ 4,596,948	N/A
Fixed income mutual funds	1,613,499	5.51	1,889,932	4.96
Real estate mutual funds	193,439	N/A	228,501	N/A
	<u>\$ 5,744,394</u>		<u>\$ 6,715,381</u>	

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, 2022 and 2021, the outstanding balance on the note receivable was \$25,963 and \$26,751 respectively. The note receivable is collateralized by a deed of trust.

NOTE 5 – ENDOWMENTS

The total donor endowments as of June 30, 2022 and 2021 was \$3,489,417 and \$3,789,376, respectively, of which \$2,176,310 and \$2,366,099 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 several donors directing the Foundation to release their gift funds to a general scholarship fund. 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.

As of June 30, 2022 and 2021, 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 \$284,893 and \$321,697, 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.

COLLEGE OF SOUTHERN NEVADA FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022 AND 2021

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, 2022 and 2021, the College paid \$197,368 and \$268,797, 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, 2022, the Foundation transferred funds and supplies to be used for college programs, scholarships, and athletics to the College in the amount of \$1,206,870. Of the \$1,206,870 recognized by the College as gifts \$6,849 was contributed as various equipment and supplies and \$1,200,021 as cash directly to the College.

During the year ended June 30, 2021, the Foundation transferred funds and supplies to be used for college programs, scholarships, and athletics to the College in the amount of \$490,729. Of the \$490,729 recognized by the College as gifts \$25,932 was contributed as various equipment and supplies and \$464,797 as cash directly to the College.

NOTE 7 – SUBSEQUENT EVENTS

Management of the Foundation has evaluated subsequent events through August 11, 2022, the date the financial statements were available to be issued.

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, 2022, 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 11, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation'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 the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation'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.

Report On Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation'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 11, 2022



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