

Great Basin College Foundation

Financial Statements

And

Report of Independent Accountant

For the Years Ended

June 30, 2009 (Audited) and 2008 (Reviewed)

CONTENTS

Independent Accountant's Report	1
Management's Discussion and Analysis	2 – 7
Basic Financial Statements:	
Statements of Net Assets	8
Statements of Revenues, Expenses, and Changes in Net Assets	9
Statements of Cash Flows	10 – 11
Notes to Financial Statements	12 – 22



KAFOURY, ARMSTRONG & CO.
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S REPORT

To Board of Trustees of
Great Basin College Foundation

We have audited the accompanying basic financial statements of Great Basin College Foundation, a component unit of Great Basin College, as of and for the year ended June 30, 2009, which collectively comprise the Foundation's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Great Basin College Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Great Basin College Foundation as of June 30, 2009, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The financial statements for the year ended June 30, 2008, were reviewed by us, and our report thereon, dated August 28, 2008, stated that we were not aware of any material modifications that should be made to those statements for them to be in conformity with generally accepted accounting principles. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements taken as a whole.

The management's discussion and analysis on pages 2 through 7 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Kafoury, Armstrong & Co.

Elko, Nevada
August 25, 2009

Great Basin College Foundation
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended June 30, 2009 (Audited) and 2008 (Reviewed)

Management's Discussion and Analysis

This section of Great Basin College Foundation's (the "Foundation") annual financial report presents our discussion and analysis of the Foundation's financial activity for the years ended June 30, 2009 and 2008. Please read it in conjunction with the accompanying financial statements and related footnotes. Foundation management has prepared these financial statements, footnotes, and discussion and analysis, and is responsible for the completeness and fairness of the information presented.

Reporting Entity

Great Basin College Foundation is a nonprofit organization exempt from federal income taxes under Internal Revenue Code section 501(c)(3). The Foundation's mission is to provide private sources of funding for the scholarships, programs, and facilities of Great Basin College (the "College"). This is achieved primarily through cultivation and management of fiscal resources and promotion of the College's image throughout the region. The Foundation receives donations from the private sector and disburses scholarships and other support directly to Great Basin College.

The Regents of the Nevada System of Higher Education also serve as members of the Foundation corporation. Because of the relationship between the Regents, the College, and the Foundation, the Foundation is considered a component unit of the College. Dr. John Patrick Rice, the College's Director of Institutional Advancement, serves as the Foundation's Executive Director.

Financial Highlights

- During the year ending June 30, 2009, the Foundation continued its focus on solidifying its donor base through an active calendar of activities on campus and enhanced communications with donors and community members.
- During the year ending June 30, 2007, the Foundation received a notable bequest. The Estate of Gwen Leonard contributed \$2,377,770 in unrestricted funds. These funds were designated by the Foundation Board for renovation of the Community Center, to be renamed the Paul and Gwen Leonard Center for Student Life. The significant increase in net assets and the high level of contributions in 2007 are largely attributable to the receipt of this request.
- The Foundation is in the mature stages of its Campaign for Rural Nevada, a major gift initiative that has three components:
 - **Expansion of the GBC Community Center** is a second phase in the development of student housing on the Elko campus. The Community Center houses dining facilities and is the focal point for student life on campus. Expansion of the building will better accommodate the growing number of students spending time on campus, and will provide a Center for Student Leadership. The Leonard bequest has been earmarked by the Foundation Board of Trustees for this project, which is expected to be completed during the year ending June 30, 2010.

Great Basin College Foundation
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended June 30, 2009 (Audited) and 2008 (Reviewed)

- The Foundation created an **Endowment for New Programs** during the year ended June 30, 2004. This endowment will provide a means for Great Basin College to more easily initiate new programs, since state funding is generally not provided for new programs during their inception. As of June 30, 2009, contributions to the endowment totaled over \$320,000.
- Great Basin College's newest facility, the **Electrical & Industrial Technology Building**, was completed during the fiscal year ending June 30, 2009. Legislative funding provided \$14.6 million toward the \$15.1 million cost of the project. The Foundation was charged with the fundraising efforts to secure the remaining \$500,000, of which \$419,000 had been remitted to the College as of June 30, 2009. The remaining balance is expected to be distributed during the year ending June 30, 2010.
- A strong Business Initiative continued during the year to engage local businesses in the Foundation's mission. It has been extremely successful, opening the door for new donors by suggesting an affordable way to support the College and its students.

Overview of the Financial Statements

This annual report consists of two parts – management's discussion and analysis (this section), and the basic financial statements. These basic financial statements for the Foundation, along with a description of the information contained in each statement, are:

- *Statement of Net Assets* – provides a picture of the assets and liabilities of the Foundation at the end of its fiscal year, along with the difference between assets and liabilities, which is referred to as *net assets*;
- *Statement of Revenues, Expenses, and Changes in Net Assets* – shows the revenues and expenses that resulted from the Foundation's operations during the fiscal year, regardless of when cash is received or paid, and how those results of operations affected net assets of the Foundation; and
- *Statement of Cash Flows* – presents a summary of cash balances at the beginning of the period, increases and decreases in cash during the period, and the balance of Foundation cash at the end of the period.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Condensed Financial Information

A key question when looking at these financial statements is whether the Foundation's financial position has improved or deteriorated as a result of the year's operations. The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets report information on the entity as a whole and on its activities in a way that helps answer that question. When revenues and other support exceed expenses, the result is an increase in net assets. When the reverse occurs, the result is a decrease in net assets. The relationship between revenues and expenses may be thought of as the Foundation's operating results.

Great Basin College Foundation
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended June 30, 2009 (Audited) and 2008 (Reviewed)

In a traditional business entity, an increase in net assets might generally be associated with an improved financial position. Conversely, a decrease in net assets might indicate deterioration in financial position. These generalities are not necessarily the case for nonprofit organizations like the Foundation because of the nature of operations. Unlike a profit-oriented business entity, nonprofits such as the Foundation seek contributions with the intent of disbursing expendable funds over time in support of their mission.

Restricted net assets are those that have constraints placed on their use by the donor. They include both nonexpendable and expendable amounts.

Nonexpendable net assets, often referred to as endowments, hold assets that the donor has specified may not be expended by the Foundation. Earnings from these assets are generally expendable for restricted purposes, and are included in the expendable category of net assets.

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

Invested in capital assets represent the Foundation's operating equipment and software net of accumulated depreciation.

Unrestricted net assets represent amounts held by the Foundation that are not restricted by the donor. These amounts are available for operations of the Foundation or any of its programs.

A comparison of the various condensed statements for this year and the two preceding years will help with an analysis of changes in net assets, results of operations, and other measures of the Foundation's activities.

Condensed Statements of Net Assets
June 30, 2009 (Audited), 2008 (Reviewed), and 2007 (Audited)

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Current and other assets	\$ 6,328,877	\$ 7,407,238	\$ 7,719,461
Capital assets	51,443	4,063	6,686
Total Assets	<u>6,380,320</u>	<u>7,411,301</u>	<u>7,726,147</u>
Current liabilities	28,654	31,671	36,591
Total Liabilities	<u>28,654</u>	<u>31,671</u>	<u>36,591</u>
Net assets:			
Restricted:			
Nonexpendable	2,897,962	2,794,930	2,755,051
Expendable	610,055	1,520,665	1,828,088
Invested in capital assets	51,443	4,063	6,686
Unrestricted	2,792,206	3,059,972	3,099,731
Total Net Assets	<u>\$ 6,351,666</u>	<u>\$ 7,379,630</u>	<u>\$ 7,689,556</u>

Great Basin College Foundation
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended June 30, 2009 (Audited) and 2008 (Reviewed)

Current and other assets are primarily comprised of cash and investments. The Foundation has an investment policy for its endowment funds, both the expendable and nonexpendable portions, that provides for an allocation between equities and fixed income instruments. Expendable and unrestricted funds are held primarily in money market accounts and certificates of deposit based on cash flow needs. The decrease from 2007 to 2008 was primarily due to the Foundation's distribution of accumulated funds for a variety of programs, projects, and scholarships. These distributions, combined with a decline in value of marketable securities associated with the expendable portion of endowment funds, accounted for the decline in current and other assets from 2008 to 2009.

The Foundation relocated its offices during 2009. Associated renovation costs and office furnishings accounted for the increase in capital assets during 2009.

Foundation liabilities include current amounts due to others that had not been paid at the end of the period.

Nonexpendable net assets generally continue to increase as donors make contributions to endowment funds. These resources are generally required to be maintained in perpetuity, and only the income generated by the funds is expendable for the donor's specified purpose. The increase from 2008 to 2009 was caused by the discovery during the period by Foundation staff that a \$75,000 endowment contribution received in a prior period was erroneously classified as temporarily restricted. This amount was reclassified as nonexpendable net assets as of June 30, 2009.

Expendable net assets rise and fall over time, primarily due to the timing of contributions and the associated distribution of those resources to the College. The decrease from 2007 to 2009 was primarily due to the Foundation's distribution of accumulated funds for a variety of programs, projects, and scholarships. Additionally, the decline from 2008 to 2009 was impacted by a decline in value of marketable securities associated with the expendable portion of endowment funds during the period.

Unrestricted net assets represent those funds over which the Foundation has full control. They are generated by unrestricted contributions, investment earnings on all resources except endowments, administrative fees assessed on certain restricted contributions, and management fees for endowment funds. The decline in unrestricted net assets from 2007 to 2009 represents distributions to the College as designated by the Foundation Board of Trustees.

Overall, the financial position of the Foundation continues to be strong. Bequests resulting from the Foundation's planned giving initiatives, although not predictable in nature, will continue to be a sustaining element of the Foundation's success.

Great Basin College Foundation
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended June 30, 2009 (Audited) and 2008 (Reviewed)

Condensed Statements of Revenues, Expenses, and Changes in Net Assets
For the Years Ended June 30, 2009 (Audited), 2008 (Reviewed), and 2007 (Audited)

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Operating Revenues			
Contributions	\$ 266,188	\$ 191,050	\$ 3,289,787
College support	72,629	66,846	62,580
Administrative and management fees	24,156	46,001	52,432
Special events revenue, net	43,432	53,689	34,399
Reimbursement of environmental remediation costs	-	35,831	23,851
Other operating revenue	3,996	12,304	16,770
Total Operating Revenues	<u>410,401</u>	<u>405,721</u>	<u>3,479,819</u>
Operating Expenses			
Distributions to Great Basin College	617,860	534,710	573,356
Restricted program expenses	43,034	113,030	92,231
Administrative expenses	284,776	268,661	266,271
Total Operating Expenses	<u>945,670</u>	<u>916,401</u>	<u>931,858</u>
Operating Income (Loss)	<u>(535,269)</u>	<u>(510,680)</u>	<u>2,547,961</u>
Nonoperating Gains (Losses)			
Investment income (loss)	(517,389)	167,747	545,377
Gain (loss) on sale of real property	-	32	-
Total Nonoperating Gains (Losses)	<u>(517,389)</u>	<u>167,779</u>	<u>545,377</u>
Income (Loss) before Additions to Endowments	<u>(1,052,658)</u>	<u>(342,901)</u>	<u>3,093,338</u>
Additions to Endowments	<u>24,694</u>	<u>32,975</u>	<u>59,651</u>
Increase (Decrease) in Net Assets	<u>(1,027,964)</u>	<u>(309,926)</u>	<u>3,152,989</u>
Beginning Net Assets	<u>7,379,630</u>	<u>7,689,556</u>	<u>4,536,567</u>
Ending Net Assets	<u>\$ 6,351,666</u>	<u>\$ 7,379,630</u>	<u>\$ 7,689,556</u>

Contributions, which include amounts expected to be paid to the Foundation as a result of pledges, fluctuate primarily due to varying levels of activity in the Foundation's Major Gift programs and the unanticipated nature of bequests, many of which are unrestricted in nature. The high level of contributions in 2007 was primarily attributable to a \$2,377,770 unrestricted bequest.

College support includes a provision for the value of office space provided by the College, and for the services of the Executive Director position that has traditionally been provided by the College.

Great Basin College Foundation
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended June 30, 2009 (Audited) and 2008 (Reviewed)

Administrative and management fees include two components. Administrative fees are generated by the level of certain restricted contributions. A fee is taken to cover associated overhead costs. Management fees are generally assessed annually on endowment funds to compensate the Foundation for the costs of administering those funds. During the period ending June 30, 2009, investment earnings were not adequate to assess the management fee on endowments held by the Foundation, resulting in a decline in fees from 2008 to 2009.

The 2008 decline in investment income is indicative of the lower returns in interest-bearing deposits and in the equity markets during the period. Investment losses in 2009 are primarily the result of the loss in market value of endowment investments. Although the endowment investment losses are notable, the Foundation has adequate assets in reserve to meet all obligations associated with its endowments.

Economic Factors That Will Affect the Future

The economic position of the Foundation is closely tied to that of Great Basin College, and to the economic health of rural Nevada. The following is a list of identified conditions and events that will have an effect on the Foundation's future financial condition:

- Northern Nevada is the nation's largest gold-producing region. In spite of the global economic downturn, local and regional economic conditions have been less adversely impacted than most other areas, largely due to a sustained level in gold prices. The industry places great emphasis on issues of sustainability in its areas of operation. In spite of nationwide economic woes, these factors continue to lend themselves to a relatively favorable environment for charitable giving.
- As a result of the economic challenges, community college enrollments are soaring. Great Basin College is experiencing a significant increase in traditional college students, as it continues to play an instrumental role in career and technical education throughout its service area.

Requests for Information

This report is designed to provide a general overview of Great Basin College Foundation's finances for all interested parties. Questions concerning the information contained in this report should be addressed to the Foundation's Controller, Lisa Heise, at P.O. Box 2056, Elko, Nevada 89803.

Great Basin College Foundation
STATEMENTS OF NET ASSETS
As of June 30, 2009 (Audited) and 2008 (Reviewed)

	As of June 30,	
	2009	2008
ASSETS		
Current Assets		
Unrestricted cash and cash equivalents	\$ 341,861	\$ 2,667,036
Restricted cash and cash equivalents	66,183	531,200
Unrestricted certificates of deposit	2,333,355	259,778
Restricted certificates of deposit	1,043,924	643,362
Current portion of pledges receivable, net	22,923	155,844
Current portion of notes receivable	8,608	97,066
Prepaid expenses	2,929	2,551
Other current assets	235	10,166
Total Current Assets	3,820,018	4,367,003
Noncurrent Assets		
Restricted long-term investments	2,385,869	2,990,208
Real property	33,118	33,118
Long-term portion of pledges receivable, net	13,876	16,909
Long-term portion of notes receivable	75,996	-
Capital assets, net	51,443	4,063
Total Noncurrent Assets	2,560,302	3,044,298
TOTAL ASSETS	6,380,320	7,411,301
LIABILITIES		
Current Liabilities		
Accounts payable	14,611	19,337
Accrued liabilities	14,043	12,334
Total Current Liabilities	28,654	31,671
TOTAL LIABILITIES	28,654	31,671
NET ASSETS		
Restricted for:		
Nonexpendable	2,897,962	2,794,930
Expendable:		
Scholarships	125,657	547,100
Building projects	350,280	396,480
Other	134,118	577,085
Invested in capital assets:	51,443	4,063
Unrestricted	2,792,206	3,059,972
TOTAL NET ASSETS	\$ 6,351,666	\$ 7,379,630

See accompanying notes and accountant's report.

Great Basin College Foundation
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Years Ended June 30, 2009 (Audited) and 2008 (Reviewed)

	<u>For the Years Ended June 30,</u>	
	<u>2009</u>	<u>2008</u>
OPERATING REVENUES		
Contributions	\$ 266,188	\$ 191,050
College support	72,629	66,846
Administrative and management fees	24,156	46,001
Special events revenue, net	43,432	53,689
Reimbursement of environmental remediation costs	-	35,831
Other operating revenue	3,996	12,304
Total Operating Revenues	<u>410,401</u>	<u>405,721</u>
OPERATING EXPENSES		
Distributions to Great Basin College		
Scholarships	141,521	107,776
Building projects	159,448	199,548
Other	316,891	227,386
Restricted program expenses	43,034	113,030
Administrative expenses	284,776	268,661
Total Operating Expenses	<u>945,670</u>	<u>916,401</u>
OPERATING INCOME (LOSS)	<u>(535,269)</u>	<u>(510,680)</u>
NONOPERATING GAINS (LOSSES)		
Investment income (loss)	(517,389)	167,747
Gain (loss) on sale of real property	-	32
Total Nonoperating Gains (Losses)	<u>(517,389)</u>	<u>167,779</u>
INCOME (LOSS) BEFORE ADDITIONS TO ENDOWMENTS	<u>(1,052,658)</u>	<u>(342,901)</u>
ADDITIONS TO ENDOWMENTS	<u>24,694</u>	<u>32,975</u>
INCREASE (DECREASE) IN NET ASSETS	<u>(1,027,964)</u>	<u>(309,926)</u>
NET ASSETS		
NET ASSETS AT BEGINNING OF YEAR	<u>7,379,630</u>	<u>7,689,556</u>
NET ASSETS AT END OF YEAR	<u>\$ 6,351,666</u>	<u>\$ 7,379,630</u>

See accompanying notes and accountant's report.

Great Basin College Foundation
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2009 (Audited) and 2008 (Reviewed)

Page 1 of 2

	<u>For the Years Ended June 30,</u>	
	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from contributions	\$ 346,553	\$ 321,788
Receipts from administrative and management fees	24,156	46,001
Receipts from special events	44,932	55,789
Reimbursement of environmental remediation costs	9,377	37,078
Receipts from other operations	3,996	2,304
Distributions to Great Basin College	(570,188)	(485,478)
Payments for restricted program expenses	(42,761)	(113,030)
Payments to employees for services	(149,915)	(148,043)
Payments to vendors for goods and services	(55,088)	(54,901)
Net cash (used) provided by operating activities	<u>(388,938)</u>	<u>(338,492)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	<u>(50,465)</u>	<u>-</u>
Net cash (used) provided by capital activities	<u>(50,465)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends on investments	164,519	232,042
Payments received on notes receivable	20,260	10,439
Net sales (purchases) of certificates of deposits	(2,520,000)	20,000
Net sales (purchases) of investments	64,968	123,393
Realized gain (loss) on sale of investments	(105,230)	76,047
Additions to endowments	24,694	32,975
Proceeds from sale of donated property	-	4,032
Net cash (used) provided by investing activities	<u>(2,350,789)</u>	<u>498,928</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,790,192)	160,436
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>3,198,236</u>	<u>3,037,800</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 408,044</u>	<u>\$ 3,198,236</u>

See accompanying notes and accountant's report.

Great Basin College Foundation
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2009 (Audited) and 2008 (Reviewed)

Page 2 of 2

	For the Years Ended June 30,	
	2009	2008
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (535,269)	\$ (510,680)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	4,011	2,623
Non-cash distributions made to Great Basin College	55,157	42,247
Non-cash contributions received	(128,218)	(109,960)
Non-cash administrative expenses	73,061	66,886
Changes in assets and liabilities:		
Decrease (increase) in prepaid expenses	378	850
Decrease (increase) in pledges receivable	135,954	173,452
Decrease (increase) in other current assets	9,931	1,010
Increase (decrease) in accounts payable	(5,652)	5,247
Increase (decrease) in accrued liabilities	1,709	(167)
Increase (decrease) in provision for environmental remediation	-	(10,000)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (388,938)	\$ (338,492)

SUPPLEMENTARY INFORMATION:

Operating income (loss) includes in-kind contributions and associated operating expenses of:

Contributions	\$ 55,589	\$ 43,114
Special events revenues and associated expenses	17,368	17,183
College support for Foundation employee costs	59,629	59,346
College support for Foundation office space	13,000	7,500
Purchase of equipment included in accounts payable	926	-
	\$ 146,512	\$ 127,143
Unrealized investment gains (losses) included in ending net assets	\$ (329,459)	\$ 255,774
Non-cash distributions made to Great Basin College	\$ 55,157	\$ 42,247

See accompanying notes and accountant's report.

Great Basin College Foundation
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 (Audited) and 2008 (Reviewed)

Note 1 – Summary of Significant Accounting Policies

Organization

Great Basin College Foundation (the "Foundation") is a nonprofit corporation. The Foundation's mission is to provide private sources of funding for the scholarships, programs, and facilities of Great Basin College (the "College"). This is achieved primarily through donor cultivation and stewardship, management of fiscal resources, and promotion of the College's programs throughout the region. The Foundation receives donations from the private sector and disburses scholarships and other support directly to Great Basin College.

Basis of Presentation

The financial statements of the Foundation have been prepared in accordance with generally accepted accounting principles ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and reporting principles. The Foundation's statements were prepared in accordance with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

The Foundation is a component unit of the College as defined in GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. As such, the Foundation reports its financial activities and position using a single column enterprise fund presentation as described in GASB 34. Additionally, the Foundation has elected to apply all Financial Accounting Standards Board ("FASB") Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements.

The College is one of nine institutions that comprise the Nevada System of Higher Education (NSHE). NSHE presents combined financial statements for its operations. As a component unit of the College, the Foundation is included in the combined discrete presentation of System Related Organizations in NSHE financial statements.

Basis of Accounting

The financial statements of the Foundation have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow.

The Foundation distinguishes the assets it holds based on intended use of resources as specified by the donor. Net assets used by the Foundation are aggregated by general type of limitation placed on the assets:

Restricted net assets are those that have constraints placed on their use by the donor. They include both nonexpendable and expendable amounts.

Nonexpendable net assets, often referred to as endowments, hold assets that the donor has specified may not be expended by the Foundation. Earnings from these assets are generally expendable for restricted purposes, and are included in the expendable category of net assets.

Expendable net assets represent amounts having time or purpose constraints placed on their use by the donor, but may be spent at some time, either in the present or future.

Great Basin College Foundation
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 (Audited) and 2008 (Reviewed)

Invested in capital assets represent the Foundation's equipment and furnishings, leasehold improvements, and software net of accumulated depreciation.

Unrestricted net assets represent amounts held by the Foundation that are not restricted by the donor. These amounts are available for operations of the Foundation or any of its programs.

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

Recognition of Support and Revenue

Contributions, gifts and pledges are recognized as revenue when they are received or unconditionally pledged. Contributions received are recorded as unrestricted or restricted, including both expendable and nonexpendable resources, depending on the existence and/or nature of any donor restrictions. Pledges receivable are generally determined to be collectible at the time they are recorded. No provision for uncollectible pledges is deemed necessary.

Cash and Cash Equivalents

The Foundation considers all highly liquid short-term interest bearing investments with an original maturity of three months or less to be cash equivalents.

Investments

Investments are stated at fair value, and realized and unrealized gains and losses are included in *Investment income* in the Statement of Revenues, Expenses, and Changes in Net Assets. Fair value of Foundation investments is determined from quoted market prices.

Although the Foundation is not limited by statute regarding the types of investments it may acquire, the Foundation investment policy states that the Foundation portfolio should have a diversified exposure to a balanced account of various asset classes including equities, fixed income instruments, and cash equivalents.

Capital Assets

The Foundation capitalizes purchases of office equipment and leasehold improvements with an original cost of \$2,000 or greater. Capital assets are stated at cost less accumulated depreciation. Depreciation is provided in amounts sufficient to relate the cost of depreciable assets to operations over the estimated service lives of the assets on a straight-line basis. The useful lives of Foundation assets are generally estimated to be five to seven years.

Donated Assets and Services

Donated assets are reflected as contributions when received, and are recorded in the accompanying statements at their estimated value at date of receipt.

Donated services are recognized if the services received (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. No amounts have been reflected in the statements for donated services, since no objective basis is available to measure the value of such services. Nevertheless, a substantial number of volunteers have donated significant amounts of their time to the organization's operations and fundraising efforts.

Great Basin College Foundation
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 (Audited) and 2008 (Reviewed)

Income Taxes

The Foundation is a nonprofit organization exempt from federal income taxes under Internal Revenue Code section 501(c)(3). Accordingly, no liability for Federal income taxes has been provided in the financial statements.

Compensated Absences

The Foundation accrues annual leave and compensatory time in a manner consistent with College policy. Annual leave is accrued at rates based upon employee length of service and job classification. Compensatory time is accrued based upon job classification and hours worked. Such accrued expenses have been classified as a component of *Administrative expenses* in the accompanying Statement of Revenues, Expenses, and Changes in Net Assets.

Operating and Nonoperating Revenues and Expenses

Revenues and expenses are classified as operating if they result from providing services in connection with the Foundation's ongoing operations. The Foundation's operating revenues consist primarily of contributions received, special events revenue, and administrative and management fees. Foundation operating expenses are those costs associated with donor cultivation and stewardship, special events, and general administration of Foundation activities. Restricted program expenses are those that relate directly to individual restricted funds, such as credit card charges, administrative and management fees, and expenses related to restricted property. Nonoperating revenues and expenses relate primarily to the income and gains and losses associated with investment activity of the Foundation.

Special Events

Gross proceeds from special events have been netted by the related costs and expenses in the amounts of \$31,881 and \$36,700 for the years ended June 30, 2009 and 2008, respectively.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk

The Foundation has concentrated its credit risk by maintaining deposits of cash, cash equivalents, and investments in various institutions that may at times exceed amounts covered by insurance provided by either the Federal Deposit Insurance Corporation (FDIC) or the Securities Investor Protection Corporation (SIPC). The Foundation's investment policy restricts investments to those of high quality and credit standing. The Foundation has not experienced any losses related to such credit risks in their accounts and believes it is not exposed to any significant credit risk with respect to cash, cash equivalents, and investments.

Great Basin College Foundation
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 (Audited) and 2008 (Reviewed)

Note 2 – Cash and Investments

The cash reflected in the Statement of Net Assets is the carrying amount of deposits of the individual fund's equity in the pooled cash balances. A summary schedule of cash and investments for the Foundation as of June 30, 2009 and 2008 follows:

As of June 30, 2009

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Cash and money market funds	\$341,861	\$66,183	\$408,044
Certificates of deposit	2,333,355	1,043,924	3,377,279
Managed accounts:			
Equities	-	479,302	479,302
Corporate bonds	-	52,464	52,464
US Treasury Notes	-	42,903	42,903
Federal National Mortgage	-	88,874	88,874
Federal Home Loan Mortgage	-	25,782	25,782
Commonfund Core Equity Fund	-	1,059,518	1,059,518
Commonfund High Quality Bond Fund	-	637,026	637,026
Total investments	<u>-</u>	<u>2,385,869</u>	<u>2,385,869</u>
Total cash and investments	<u>\$2,675,216</u>	<u>\$3,495,976</u>	<u>\$6,171,192</u>

As of June 30, 2008

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Cash and money market funds	\$2,667,036	\$531,200	\$3,198,236
Certificates of deposit	259,778	643,362	903,140
Managed accounts:			
Equities	-	630,444	630,444
Corporate bonds	-	39,099	39,099
US Treasury Notes	-	50,222	50,222
Federal National Mortgage	-	105,830	105,830
Federal Home Loan Mortgage	-	15,554	15,554
Commonfund Core Equity Fund	-	1,495,197	1,495,197
Commonfund High Quality Bond Fund	-	653,862	653,862
Total investments	<u>-</u>	<u>2,990,208</u>	<u>2,990,208</u>
Total cash and investments	<u>\$2,926,814</u>	<u>\$4,164,770</u>	<u>\$7,091,584</u>

Restricted cash refers to the amount held as part of restricted net assets, including both nonexpendable and expendable portions.

Great Basin College Foundation
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 (Audited) and 2008 (Reviewed)

Deposits:

The following is a list of cash, money market funds, and certificates of deposit indicating bank carrying amounts and collateral or insurance on those deposits:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
<u>As of June 30, 2009</u>		
Cash and money market funds:		
Cash on hand	\$ 81	\$ -
Insured, Federal Deposit Insurance Corporation	334,631	334,630
Uninsured and uncollateralized	73,332	70,532
	<u>\$ 408,044</u>	<u>\$ 405,162</u>
Certificates of deposit		
Insured, Federal Deposit Insurance Corporation	<u>\$ 3,056,461</u>	<u>\$ 3,056,461</u>
Collateralized by securities held by the financial institution but not in the Foundation's name	<u>\$ 245,818</u>	<u>\$ 245,818</u>
Uncollateralized	<u>\$ 75,000</u>	<u>\$ 75,000</u>
<u>As of June 30, 2008</u>		
Cash and money market funds:		
Cash on hand	\$ 211	\$ -
Insured, Federal Deposit Insurance Corporation	206,427	206,427
Uninsured and uncollateralized	2,991,598	3,017,730
	<u>\$ 3,198,236</u>	<u>\$ 3,224,157</u>
Certificates of deposit		
Insured, Federal Deposit Insurance Corporation	<u>\$ 610,000</u>	<u>\$ 610,000</u>
Collateralized by securities held by the financial institution but not in the Foundation's name	<u>\$ 250,000</u>	<u>\$ 250,000</u>
Uncollateralized	<u>\$ 43,140</u>	<u>\$ 43,140</u>

Investments:

The Foundation provides custodial credit risk disclosure requirements and establishes comprehensive disclosure requirements addressing other common risks associated with deposits and investments as required by GASB 40.

Risk Categories

Interest Rate Risk – As a means of limiting exposure to fair value losses arising from rising interest rates, the Foundation's investment policy for fiduciary funds (those of an unrestricted or a temporarily restricted nature) provides for short-term, intermediate-term, and long-term cash requirements. Short-term funds, required to be invested in securities with an average maturity of one year or less, are presently held in interest-bearing checking or savings accounts, or in certificates of deposit. Intermediate-term funds, which may be invested in fixed income securities generally having a maturity of three years or less, are currently invested in certificates of deposit with maturities of 18 months or less. Certificates of deposit are generally purchased in amounts less than \$250,000 per issuing institution, providing full Federal Deposit Investment Corporation coverage for the full balance of certificates of deposit. Long-term funds may be invested in fixed income securities of longer maturities to enhance diversification and performance of the portfolio taken as a whole.

Great Basin College Foundation
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 (Audited) and 2008 (Reviewed)

Credit Risk – The Foundation’s investment policy provides for a target asset allocation of 35% to fixed income instruments. Commercial paper must be rated A-1 or P-1, or better. Corporate debt securities, limited to 15% of the fixed income portfolio, must rate A or higher. The Commonfund is unrated by recognized statistical rating organizations.

Custodial Credit Risk – Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, an entity will not be able to recover the full value of investment or collateral securities that are in the possession of an outside party. The Foundation’s investment policy provides for a target asset allocation of 65% to equity investments, with an acceptable range of 60% to 70%. Equity holdings are generally restricted to high quality, readily marketable securities of corporations that are actively traded on the major stock exchanges, and are held either through mutual funds or by individual fund managers as custodians. These investments include uninsured and unregistered investments, with securities held by the counterparty, or by its trust department or agent, but not in the entity’s name.

The Foundation’s internal endowment investment pool is invested in Commonfund’s Core Equity and High Quality Bond Funds. (The Foundation’s investment policy sets a target allocation at 65% equities and 35% in fixed income instruments, with a ±10% tolerance from the target.) Investment objectives include a maximum 4% payout for participating funds, in addition to a sliding scale management fee assessed by the Foundation to cover administrative costs associated with managing the pool. Each participant’s share is equal to the original investment, or corpus, plus or minus regular allocations of earnings, fees, and realized and unrealized gains or losses.

A summary of endowment investments and associated maturities follows:

As of June 30, 2009

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>			
		<u>< 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>> 10</u>
Equities	\$ 479,302	\$ 479,302	\$ -	\$ -	\$ -
Corporate bonds	52,464	3,030	26,408	19,319	3,707
US Treasury notes	42,903	-	26,051	16,852	-
Federal National Mortgage	88,874	6,189	40,292	24,138	18,255
Federal Home Loan Mortgage	25,782	-	9,632	16,150	-
Commonfund Core Equity Fund	1,059,518	1,059,518	-	-	-
Commonfund High Quality Bond Fund	637,026	637,026	-	-	-
	<u>\$ 2,385,869</u>	<u>\$ 2,185,065</u>	<u>\$ 102,383</u>	<u>\$ 76,459</u>	<u>\$ 21,962</u>

As of June 30, 2008

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>			
		<u>< 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>> 10</u>
Equities	\$ 630,445	\$ 630,445	\$ -	\$ -	\$ -
Corporate bonds	39,098	-	32,414	6,684	-
US Treasury notes	50,222	-	23,845	26,377	-
Federal National Mortgage	105,830	-	61,884	26,472	17,474
Federal Home Loan Mortgage	15,554	-	8,598	6,956	-
Commonfund Core Equity Fund	1,495,197	1,495,197	-	-	-
Commonfund High Quality Bond Fund	653,862	653,862	-	-	-
	<u>\$ 2,990,208</u>	<u>\$ 2,779,504</u>	<u>\$ 126,741</u>	<u>\$ 66,489</u>	<u>\$ 17,474</u>

Great Basin College Foundation
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 (Audited) and 2008 (Reviewed)

Note 3 – Capital Assets

Capital assets held by the Foundation consists primarily of office furnishings, leasehold improvements, computer equipment and software. Activity during the period is summarized as follows:

	<u>Equipment & Furnishings, At Cost</u>	<u>Leasehold Improvements, At Cost</u>	<u>Accumulated Depreciation</u>	<u>Capital Assets, Net</u>
Balance at June 30, 2007	\$ 81,875	\$ -	\$ (75,189)	\$ 6,686
Less: Depreciation	<u>-</u>	<u>-</u>	<u>(2,623)</u>	<u>(2,623)</u>
Balance at June 30, 2008	<u>\$ 81,875</u>	<u>\$ -</u>	<u>\$ (77,812)</u>	<u>\$ 4,063</u>
Add: Acquisitions	24,953	26,438	-	\$ 51,391
Less: Depreciation	<u>-</u>	<u>-</u>	<u>(4,011)</u>	<u>(4,011)</u>
Balance at June 30, 2009	<u>\$ 106,828</u>	<u>\$ 26,438</u>	<u>\$ (81,823)</u>	<u>\$ 51,443</u>

Note 4 – Real Property

Real property held by the Foundation is recorded at market value at the date of receipt. Properties held by the Foundation and their respective restrictions include:

<u>Property Description</u>	<u>Value</u>
<u>Unrestricted</u>	
Property in Ely, NV	\$ 11,500
Property in Riverside, CA	6,618
Property in Elko, NV	<u>15,000</u>
Balance at June 30, 2009 and 2008	<u>\$ 33,118</u>

Note 5 – Notes Receivable

A note receivable associated with a previous sale of real property was due August 1, 2008. Due to economic conditions, the mortgagor was unable to make the balloon payment at that time. A six-month extension was negotiated, increasing the monthly payments from \$870 to \$1,500, with the balloon payment due in May 2009. Still unable to make the balloon payment, a second amendment to the note was negotiated that increased the interest rate from 8% to 12%, maintained the monthly payment at \$1,500, and extended the balloon payment for two years, due in August 2011.

Summary information for this note receivable follows:

Balance at June 30, 2009	\$ 84,604
Less: Current maturities	<u>(8,608)</u>
Long-term portion	<u>\$ 75,996</u>
Balance at June 30, 2008	\$ 97,066
Less: Current maturities	<u>(97,066)</u>
Long-term portion	<u>\$ -</u>

Great Basin College Foundation
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 (Audited) and 2008 (Reviewed)

Note 6 – Pledges Receivable

Pledges receivable for unrestricted and expendable restricted funds are recorded when the receivable amount is determined to be unconditional. Pledges are adjusted to present value based upon collection date in the accompanying financial statements. Pledges for additions to endowment accounts are recorded when payments are received. The Foundation anticipates collection of substantially all pledges receivable, therefore no provision for uncollectible receivables has been made. Pledges receivable at June 30, 2009 and 2008 are for the following areas:

	<u>2009</u>	<u>2008</u>
Operating funds	\$ 13,024	\$ 10,491
Capital project funds	6,187	38,572
Scholarship funds	16,023	16,069
Other funds	<u>1,724</u>	<u>111,847</u>
Gross pledges receivable	36,958	176,979
Less: Present value discount	<u>(159)</u>	<u>(4,226)</u>
Net pledges receivable	<u>\$ 36,799</u>	<u>\$ 172,753</u>
Current portion	22,923	155,844
Long-term portion	<u>13,876</u>	<u>16,909</u>
Net pledges receivable	<u>\$ 36,799</u>	<u>\$ 172,753</u>

Note 7 – Administrative and Management Fees

The Foundation assesses a 10% administrative fee on restricted contributions. Donation agreements communicate this policy to donors. The assessment becomes part of unrestricted funds utilized for administrative overhead costs of the Foundation. The fee, approved by the Foundation Board of Trustees, may be waived or reduced at the discretion of the Foundation's management.

The full amount of the restricted donation is recorded as a contribution in the individual restricted fund. The fee is then recorded as an expense to the restricted fund and as administrative fee revenue in the unrestricted fund. In the accompanying Statement of Revenues, Expenses, and Changes in Net Assets, administrative fee expense in the restricted fund is included in *Restricted program expenses*. Unrestricted administrative fee revenue is shown as *Administrative and management fees* under *Operating revenues*.

Management fees are generally assessed annually on endowment funds on a sliding scale based on corpus balance to compensate the Foundation for the costs of administering those funds. Unrestricted management fee revenue is shown as *Administrative and management fees* under *Operating revenues*. During the period ending June 30, 2009, investment earnings were deemed inadequate to assess an endowment management fee.

Great Basin College Foundation
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 (Audited) and 2008 (Reviewed)

Note 8 - Endowments

The Foundation holds two pools of endowment funds. One fund, as described in Note 10, is a required maintenance endowment that is invested and managed separately from other endowments. All other endowments held by the Foundation, most of which are restricted for scholarship funding, are combined in an internal investment pool. The corpus balances of all endowment funds held by the Foundation at June 30, 2009 and 2008 total \$2,897,962 and \$2,794,930, respectively.

The Foundation Board of Trustees previously designated \$73,219 of unrestricted donations for the establishment of three restricted funds, including two endowments. Because governing boards do not have the authority to permanently restrict funds received without donor restriction, future boards could redesignate these funds at any time. Therefore, these amounts are considered unrestricted net assets. The portion of these amounts designated as endowments are invested with true endowments, but are maintained in separate accounting groups to appropriately reflect the nature of the assets. Additional contributions from donors that are restricted for these uses are classified as nonexpendable or expendable net assets in the Foundation's records, depending on the nature of the donor restriction.

The Foundation has used a total return policy to determine the amount of expendable funds available on an annual basis. This method conservatively evaluated overall return on endowment investments, including interest and dividend income, as well as realized and unrealized gains or losses on the investments. The amount distributed from each endowment fund was historically determined with a view toward preserving endowment assets while honoring the spirit of the donor's gift. During the year ended June 30, 2005, the Foundation adopted a policy that distributions from endowment funds for program purposes will not exceed 4% annually.

Net appreciation (depreciation) in endowment funds, which total (\$78,545) and \$589,397 at June 30, 2009 and 2008, respectively, is shown as part of expendable net assets in the Statement of Net Assets. Nevada Revised Statute ("NRS") section 164.580 allows governing boards of institutions that hold endowment funds to appropriate net appreciation in the endowment for the use and purpose for which the endowment fund was created. NRS 164.590 adds that this option does not apply if the donor restrictions specifically prohibit use of net appreciation of the endowment assets.

During the period ending June 30, 2009, it was discovered that a \$75,000 permanently restricted contribution received in a prior period was erroneously classified as temporarily restricted. The amount of the original gift was reclassified to nonexpendable net assets as of June 30, 2009.

Note 9 – Retirement Plans

The Nevada System of Higher Education (NSHE) Retirement Plan Alternatives (RPA) program, a defined contribution retirement plan administered by NSHE, covers permanent employees of the Foundation. Covered employees may choose American Century, Fidelity Investments, TIAA-CREF, or VALIC as plan sponsors. Participating employees make mandatory contributions to the RPA of 10.5% of their regular salary on a tax-deferred basis. Additionally, the employer contributes a matching percentage of 10.5% (as defined by Nevada Revised Statute) of their regular salary to the plan.

Contributions for the years ended June 30, 2009 and 2008 were approximately \$12,127 and \$11,178, respectively, for the employer and employee portion of plan contributions.

Great Basin College Foundation
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 (Audited) and 2008 (Reviewed)

Note 10 – *Campus Enhancement Project*

In 1998, the Foundation was awarded a \$4,540,000 grant from the Donald W. Reynolds Foundation for an enhancement project on the Great Basin College campus. The project included a clock tower, plaza, solarium, amphitheater, and landscaping. During the year ended June 30, 2003, the improvements were donated to the College at a total cost of \$4,827,459.

One condition of the Donald W. Reynolds Foundation grant required that the Foundation establish a \$908,000 endowment to generate funds for future maintenance of the campus enhancements. Terms of the agreement require that the endowment funds be maintained separately from other assets of the Foundation. The endowment funds and accumulated earnings were held in one financial institution during the years ended June 30, 2009 and 2008. No other Foundation assets have been commingled with these endowment assets.

Note 11 – *Pending Bequests*

During the period ending June 30, 2008, the Foundation received a partial distribution of \$99,684 from a bequest restricted to capital improvements at Great Basin College's Winnemucca campus. The remaining amount available to the Foundation could be as much as \$11,000, but cannot be estimated at this time due to the discretionary nature of the bequest provisions.

The Foundation was made aware during the year ending June 30, 2008, of a bequest that provides for income contingent upon the decedent's trust receiving revenue from subleases in mining properties. Distributions to the Foundation may be made only after the first \$250,000 in sublease revenue is received by the trust. Because the annual lease payment is \$25,000 at this time, it would be difficult to estimate the likelihood or amount of possible distributions, if any, to be made to the Foundation.

Note 12 – *Related Party Transactions*

The College administers all payroll functions of the Foundation. The Foundation then reimburses the College for a portion of the Foundation payroll costs. For the years ended June 30, 2009 and 2008, the Foundation reimbursed the College for \$149,916 and \$148,043 of payroll expenses, respectively. Accounts payable included \$13,293 and \$11,234 due to Great Basin College at June 30, 2009 and 2008, respectively. These balances consisted primarily of reimbursements due for June payroll costs. The College provided the Foundation with the in-kind contribution of a half-time executive director for \$59,629 and \$59,346 for the years ended June 30, 2009 and 2008, respectively.

The College provides office space and associated utility costs for the Foundation. The Foundation recorded \$13,000 and \$7,500 as in-kind contributions for office space, and associated rental expense for the same amount for the years ended June 30, 2009 and 2008, respectively.

The Foundation expended \$617,860 and \$534,710 in cash and in-kind contributions for programs, facilities, and activities of the College during the years ended June 30, 2009 and 2008, respectively.

Great Basin College Foundation
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 (Audited) and 2008 (Reviewed)

Note 13 – Risk Management

The Foundation is exposed to various risks and loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Foundation has purchased commercial insurance policies from third parties for an employee dishonesty bond, office equipment, and for directors' and officers' liability coverage. There have been no claims associated with these risks for the past three years.

Note 14 – Contingency – Fallon Property

During the year ended June 30, 2003, the Foundation received property in Fallon, Nevada previously operated as a gas station and oil change facility. In June 2005, the property was sold. While preparing the property for sale, the Foundation acquired Phase I and Phase II Environmental Site Assessment Reports. These assessments identified certain recognized environmental conditions associated with underground fuel storage tanks.

Although the property was sold in June, 2005, the Foundation continued to be liable for mitigation of releases discovered during their period of ownership. Mitigation costs were covered by the State of Nevada Petroleum Fund up to \$1 million minus a 10% deductible. The Foundation was responsible for the 10% co-payment, limited to \$100,000.

Cleanup was completed during the period ending June 30, 2008. Total remediation costs were approximately \$95,000, of which the Foundation paid approximately 10%. No further provision for environmental remediation is required at this time.