# GREAT BASIN COLLEGE FOUNDATION
# JUNE 30, 2016 AND 2015

# GREAT BASIN COLLEGE FOUNDATION
# JUNE 30, 2016 AND 2015

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CPAs & BUSINESS ADVISORS

**Independent Auditor's Report**

To Board of Trustees of
Great Basin College Foundation

We have audited the accompanying financial statements of Great Basin College Foundation, a component unit of Great Basin College, as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements., which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

## Management's Responsibility for the Financial Statements

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

## Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Great Basin College Foundation as of June 30, 2016 and 2015, and the respective changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



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## Other Matters

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Eide Bailly LLP

Elko, Nevada
November 11, 2016

# GREAT BASIN COLLEGE FOUNDATION
# MANAGEMENT'S DISCUSSION AND ANALYSIS
# JUNE 30, 2016 AND 2015

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, 2016 and 2015. 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 mission of the Foundation is to cultivate, steward and manage resources from our communities for the benefit of the students and programs 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.

The Regents of the Nevada System of Higher Education ("NSHE") 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. Mr. Greg Brorby serves as the Foundation's Executive Director.

**Financial Highlights**

- Due to financial pressure and ongoing budget cuts to higher education in Nevada, the Foundation reorganized beginning July 1, 2015 and the prior Executive Director assumed a full-time position with Great Basin College and a new Foundation Director, Mr. Greg Brorby was hired. Support staff for the Foundation Director was provided by Great Basin College directly.
- With the significant change in personal and support for the Foundation over the last several years, the Foundation experienced a drop in contributions as the Foundation concentrated on reengineering processes and developing strategic plans to help position the Foundation to be more nimble and cost efficient in the future. This repositioning of the Foundations goals also led to the Foundation suspending its annual fundraising dinner to help redesign the Foundation's signature event for future fiscal years.
- In the fiscal year ending June 30, 2016 and 2015 respectively, no major giving campaigns were conducted as the Foundation began to restructure its current organization. The Foundation ended its major giving campaign, ***VISION 2020*** June 30, 2014. The primary focus of the campaign was to expand private sector partnerships within the College's service area. ***VISION 2020*** reached over $16 million in support for the College, including contributions, commitments, grants, and program support for expansion of career and technical programs in Elko and Winnemucca.

**Overview of the Financial Statements**

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

<u>Statement of Net Position</u> – 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 position;

<u>Statements of Revenues, Expenses, and Changes in Fund Net Position</u> – 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 position 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 *Statements of Net Position* and the *Statements of Revenues, Expenses, and Changes in Fund Net Position* 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 and distributions, the result is an increase in net position. When the reverse occurs, the result is a decrease in net position. The relationship between receipts and expenditures may be thought of as the Foundation's operating results.

In a traditional business entity, an increase in net position might generally be associated with an improved financial position. Conversely, a decrease in net position 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 position refers to those funds that have constraints placed on their use by the donor. They include both nonexpendable and expendable amounts.

- Nonexpendable net position, often referred to as endowment, includes assets that the donor has specified may not be expended by the Foundation. Earnings and appreciation on these assets are generally expendable for restricted purposes, and are included in the expendable category of net position.

- Expendable net position refers to amounts having constraints placed on their use by the donor, but may be spent for a specified purpose at some time in the present or future.

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

Unrestricted net position includes 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 position, results of operations, and other measures of the Foundation's activities.

# GREAT BASIN COLLEGE FOUNDATION
# MANAGEMENT'S DISCUSSION AND ANALYSIS
# JUNE 30, 2016 AND 2015

### Condensed Statements of Net Position
### June 30, 2016, 2015, 2014

| | 2016 | 2015 | 2014 |
|---|---|---|---|
| **Assets** | | | |
| Current and other assets | $ 8,416,557 | $ 8,628,087 | $ 7,859,040 |
| Capital Assets | - | 12,446 | 21,524 |
| **Total Assets** | 8,416,557 | 8,640,533 | 7,880,564 |
| **Liabilities** | | | |
| Current liabilities | 37,623 | 19,532 | 8,626 |
| **Total Liabilities** | 37,623 | 19,532 | 8,626 |
| **Net Position** | | | |
| Restricted: | | | |
| Nonexpendable | 4,227,002 | 4,114,369 | 3,839,269 |
| Expendable | 3,146,945 | 3,493,019 | 2,949,929 |
| Net investment in capital assets | - | 12,446 | 21,524 |
| Unrestricted | 1,004,987 | 1,001,167 | 1,061,216 |
| **Total net position** | $ 8,378,934 | $ 8,621,001 | $ 7,871,938 |

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 total assets increased in 2015 mainly due to contributions from a significant donor. There was a decrease in fair value of marketable securities from 2014 to 2015. The decrease in total assets for 2016 of $223,976 was due to the capital assets being fully depreciated and a decrease in pledges receivable of $122,412, both current and long-term, and long-term investments decreased $122,695 due to unrealized losses due to market conditions.

Foundation liabilities include current amounts due to others that had not been paid at the end of the period. In 2014, 2015 and 2016, these amounts consist primarily of amounts owed to the College for reimbursable campus enhancement maintenance costs supported by the Foundation's maintenance endowment; however, in 2016 there was $30,030 in accrued payroll liabilities for foundation staff employment.

Nonexpendable net position generally continues 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.

Expendable net position rises and falls over time, primarily due to the timing of contributions and the associated distribution of those resources to the College. The increase from 2014 to 2015 is primarily associated with a contribution from a significant donor and the decrease in 2016 is spending these contributions. Associated distributions of the expendable amounts will occur when the pledges are satisfied and any donor-imposed conditions are met.

Unrestricted net position represents 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.

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.

**Condensed Statements of Revenues, Expenses, and Changes in Fund Net Position**
**For the Years Ended June 30, 2016, 2015 and 2014**

| | 2016 | 2015 | 2014 |
|---|---|---|---|
| **Operating Revenues** | | | |
| Contributions | $ 330,973 | $ 694,779 | $ 168,764 |
| College support | 15,360 | 96,475 | 206,945 |
| Special events revenue, net | 150 | 6,146 | 24,378 |
| Other operating revenue | 9,650 | 9,011 | 8,569 |
| **Total Operating Revenues** | 356,133 | 806,411 | 408,656 |
| **Operating Expenses** | | | |
| Distributions to Great Basin College | 539,749 | 366,977 | 472,313 |
| Restricted program expenses | 32,311 | 34,834 | 28,946 |
| Administrative expenses | 183,388 | 244,024 | 271,892 |
| **Total Operating Expenses** | 755,448 | 645,835 | 773,151 |
| **Operating Income (Loss)** | (399,315) | 160,576 | (364,495) |
| **Nonoperating Gains (Losses)** | | | |
| Investment income (loss) | 43,598 | 313,387 | 927,896 |
| Loss on sale of real property | - | - | (6,794) |
| Total Nonoperating Gains (Losses) | 43,598 | 313,387 | 921,102 |
| **Income (Loss) before Additions to Endowments** | (355,717) | 473,963 | 556,607 |
| **Additions to Endowments** | 113,650 | 275,100 | 247,179 |
| **Increase (Decrease) in Net Position** | (242,067) | 749,063 | 803,786 |
| **Net position, beginning** | 8,621,001 | 7,871,938 | 7,068,152 |
| **Net position, ending** | $ 8,378,934 | $ 8,621,001 | $ 7,871,938 |

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 development programs and the unanticipated nature of bequests, many of which are unrestricted in nature. The increase from 2014 to 2015 was from a contribution from a significant donor which also accounts for the subsequent decrease in 2016. The decrease in 2016 is attributable to the change in management staffing and no active fund raising as the Foundation reorganized.

College support includes a provision for the value of office space provided by the College, and for the services of the Executive Director and other staff provided by the College. Prior to 2016, the salary of the prior Executive Director, whose role with the College was 40% as Executive Director of the Foundation and 60% as Director of the Theater Program of the College, had traditionally been assumed by the College. Effective

2016, the Foundation's Executive Director was replaced by a full time employee whose time was devoted to 100% as the Director and whose payroll costs were covered by the Foundation. Also, the Foundation's staffing went from two employees under the direction of the Executive Director to none until the end of the fiscal year 2016 when a full-time assistant was hired on.

In 2014 and 2015, the Foundation reimbursed Great Basin College for the payroll costs, salaries and fringe benefits, for the support staff. During 2016 the College assumed the payroll costs, salaries and fringe benefits, for a portion of support staff.

Special events revenue, net encompasses the Foundation's annual dinner dance gala, as well as other campus department fundraising that is administered through the Foundation's recordkeeping system. The difference between event revenues and associated expenses results in net revenue. In 2015 and 2016, the dinner dance gala was not held. The Board of Trustees suspended the gala for two years and is currently working on developing another signature event.

Support for the College is shown in *Distributions to Great Basin College.* These distributions typically include amounts for scholarships and program support. The increase in 2016 from 2015 of $172,772 is mainly expending large contributions received in 2015 per the donor's wishes.

Administrative expenses include the cost of operating the Foundation. The most significant administrative expenses are staff payroll costs, some of which are provided by the College, and are reflected in *College support*. In 2015, the Foundation began reimbursing Great Basin College for the payroll costs of two full-time employees (support staff). In 2016, the Director was the only employee for the Foundation the majority of the year as the College provided support staff until June of 2016, when a full-time support staff was hired.

The 2014 and 2015 levels of *Investment income (loss)* represent a robust market during the periods. The decline from 2016 reflects a market decline during that period.

Loss on sale of real property for 2014 reflects the realized loss on the sale of a property in Ely, Nevada that was received by gift-in-kind in 2003. Market conditions had declined in the area, resulting in a sales price that resulted in a loss.

**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 many other areas in recent years, largely due to a sustained level in gold prices. The recent decline in gold prices has caused the mining industry to revisit some of its activities in the region, although it continues to place emphasis on issues of sustainability in its areas of operation. These factors point to continued favorable relationships with the mining industry.
- The State of Nevada's severe budget constraints continue to have significant impact on state funding for higher education. Changes to the NSHE funding formula have reduced the amount received by the College from state funds. The College has adjusted in a variety of ways, while attempting to preserve the majority of the staff, faculty and programs that are essential for its students.

- Great Basin College has made a significant effort in 2016 to become a designated State College. Higher education has always been on the forefront on the minds of stake holders in the rural areas that Great Basin College has serviced and the College believes it can make significant headways in these challenges that arise from providing these services to the rural students who want to better themselves. If the Great Basin College is granted recognition as a State College, there will likely be necessary efforts to increase contributions to the Foundation to help fund the necessary program expenses related to the new offerings to the students.
- It was announced in October of 2017 that Great Basin College President, Dr. Mark Curtis, will be retiring on June 30, 2017.

**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 Director, Mr. Gregory Brorby, at P.O. Box 2056, Elko, Nevada 89803.

## GREAT BASIN COLLEGE FOUNDATION
## STATEMENTS OF NET POSITION
## FOR THE YEARS ENDING JUNE 30, 2016 AND 2015

| | As of June 30, 2016 | As of June 30, 2015 |
|---|---|---|
| **ASSETS** | | |
| **Current Assets** | | |
| Unrestricted cash and cash equivalents | $ 201,907 | $ 142,130 |
| Restricted cash and cash equivalents | 1,233,608 | 1,151,409 |
| Restricted certificates of deposit | 271,229 | 371,170 |
| Current portion of pledges receivable, net | 357,715 | 262,057 |
| Prepaid expenses | - | 2,458 |
| Other current assets | 206 | 206 |
| Total Current Assets | 2,064,665 | 1,929,430 |
| **Noncurrent Assets** | | |
| Unrestricted long-term investments | 679,078 | 674,679 |
| Restricted long-term investments | 5,222,138 | 5,355,232 |
| Long-term portion of pledges receivable, net | 450,676 | 668,746 |
| Capital assets, net | - | 12,446 |
| Total Noncurrent Assets | 6,351,892 | 6,711,103 |
| **TOTAL ASSETS** | 8,416,557 | 8,640,533 |
| **LIABILITIES** | | |
| **Current Liabilities** | | |
| Accounts payable | 487 | 168 |
| Due to college: | | |
| Accrued payroll liabilities | 30,030 | - |
| Other | 7,106 | 19,364 |
| Total Current Liabilities | 37,623 | 19,532 |
| **TOTAL LIABILITIES** | 37,623 | 19,532 |
| **NET POSITION** | | |
| Restricted for: | | |
| Nonexpendable | 4,227,002 | 4,114,369 |
| Expendable: | | |
| Scholarships | 1,071,925 | 1,185,140 |
| Building projects | 138,427 | 138,427 |
| Other | 1,936,593 | 2,169,452 |
| Net investment in capital assets | - | 12,446 |
| Unrestricted | 1,004,987 | 1,001,167 |
| **TOTAL NET POSITION** | $ 8,378,934 | $ 8,621,001 |

See accompanying notes

# GREAT BASIN COLLEGE FOUNDATION
## STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
## FOR THE YEARS ENDING JUNE 30, 2016 AND 2015

| | For the Years Ended June 30, 2016 | 2015 |
|---|---|---|
| **OPERATING REVENUES** | | |
| Contributions | $ 330,973 | $ 694,779 |
| College support | 15,360 | 96,475 |
| Special events revenue, net | 150 | 6,146 |
| Other operating revenue | 9,650 | 9,011 |
| Total Operating Revenues | 356,133 | 806,411 |
| **OPERATING EXPENSES** | | |
| Distributions to Great Basin College | | |
| Scholarships | 227,850 | 174,707 |
| Other | 311,899 | 192,270 |
| Restricted program expenses | 32,311 | 34,834 |
| Administrative expenses | 183,388 | 244,024 |
| Total Operating Expenses | 755,448 | 645,835 |
| **OPERATING INCOME (LOSS)** | (399,315) | 160,576 |
| **NONOPERATING GAINS (LOSSES)** | | |
| Investment income (loss) | 43,598 | 313,387 |
| Total Nonoperating Gains (Losses) | 43,598 | 313,387 |
| **INCOME (LOSS) BEFORE ADDITIONS TO ENDOWMENTS** | (355,717) | 473,963 |
| **ADDITIONS TO ENDOWMENTS** | 113,650 | 275,100 |
| **INCREASE (DECREASE) IN NET POSITION** | (242,067) | 749,063 |
| **NET POSITION** | | |
| **NET POSITION AT BEGINNING OF YEAR** | 8,621,001 | 7,871,938 |
| **NET POSITION AT END OF YEAR** | $ 8,378,934 | $ 8,621,001 |

See accompanying notes

# GREAT BASIN COLLEGE FOUNDATION
## STATEMENTS OF CASH FLOWS
## FOR THE YEARS ENDING JUNE 30, 2016 AND 2015



| | For the Years Ended June 30, 2016 | 2015 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Receipts from contributions | $ 453,385 | $ 271,837 |
| Receipts from college support | 15,360 | - |
| Receipts from special events, net | 150 | 3,838 |
| Receipts from other operations | 9,650 | 9,011 |
| Distributions to College | (549,690) | (350,851) |
| Payments for restricted program expenses | (32,311) | (34,834) |
| Payments to employees for services | (92,889) | - |
| Payments to vendors for goods and services | (47,563) | (136,163) |
| Net cash (used) provided by operating activities | (243,908) | (237,162) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Interest and dividends on investments | 136,877 | 133,165 |
| Net sales (purchases) of certificates of deposits | 99,941 | (90,000) |
| Net sales (purchases) of investments | 35,416 | 255,096 |
| Realized gain (loss) on sale of investments | - | (981) |
| Net cash (used) provided by investing activities | 272,234 | 297,280 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Additions to endowments | 113,650 | 275,100 |
| **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | 141,976 | 335,218 |
| **CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR** | 1,293,539 | 958,321 |
| **CASH AND CASH EQUIVALENTS, END OF YEAR** | $ 1,435,515 | $ 1,293,539 |

**This balance consists of:**

| | | |
|---|---|---|
| Unrestricted cash and cash equivalents | $ 201,907 | $ 142,130 |
| Restricted cash and cash equivalents | 1,233,608 | 1,151,409 |
| | $ 1,435,515 | $ 1,293,539 |

See accompanying notes

# GREAT BASIN COLLEGE FOUNDATION
# STATEMENTS OF CASH FLOWS
# FOR THE YEARS ENDING JUNE 30, 2016 AND 2015



| | For the Years Ended June 30, | |
|---|---|---|
| | **2016** | **2015** |
| **RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES** | | |
| Operating income (loss) | $ (399,315) | $ 160,576 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | |
| Depreciation expense | 10,129 | 9,078 |
| Capital assets donated to College | 2,317 | - |
| Changes in assets and liabilities: | | |
| Decrease (increase) in prepaid expenses | 2,458 | - |
| Decrease (increase) in pledges receivable | 122,412 | (417,722) |
| Increase (decrease) in accounts payable | 319 | - |
| Increase (decrease) in due to College | 17,772 | 10,906 |
| **NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES** | $ (243,908) | $ (237,162) |
| **NON-CASH OPERATING, CAPITAL, AND INVESTING ACTIVITIES:** | | |
| Operating income (loss) includes in-kind contributions and associated operating expenses of: | | |
| Contributions | $ 2,458 | $ 5,219 |
| Special events revenues and associated expenses | - | 2,308 |
| College support for Foundation employee costs | 13,385 | 77,828 |
| College support for Foundation office space | 1,800 | 18,000 |
| College support for equipment and expenses | 174 | 647 |
| | $ 17,817 | $ 104,002 |
| Non-cash distributions made to College | $ - | $ 5,219 |
| Unrealized and realized investment gains (loss) | $ (93,279) | $ 243,621 |

See accompanying notes

# GREAT BASIN COLLEGE FOUNDATION
# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE YEARS ENDING JUNE 30, 2016 AND 2015

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Organization***

Great Basin College Foundation (the "Foundation") is a nonprofit corporation. The mission of the Foundation is to cultivate, steward and manage resources from our communities for the benefit of the students and programs 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.

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 the 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 position refers to those funds that have constraints placed on their use by the donor. They include both nonexpendable and expendable amounts.

> Nonexpendable net position, often referred to as endowments, includes assets that the donor has specified may not be expended by the Foundation. Earnings and appreciation on these assets are generally expendable for restricted purposes, and are included in the expendable category of net position.
>
> Expendable net position refers to 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.

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

Unrestricted net position includes 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. When a transfer of assets from a donor includes a conditional promise to contribute, such as the attainment of a targeted amount, the gift is classified as a refundable advance until the conditions have been substantially met. 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. Contributions receivable are generally determined to be collectible at the time they are recorded. A provision for uncollectible pledges of $2,993 was recorded for the year ended June 30, 2016. No provision was deemed necessary in 2015.

**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 Position. Fair value of Foundation investments is determined from quoted market prices. Certificates of deposit are carried at purchased cost plus accrued interest.

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, furnishings, leasehold improvements, and software 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 volunteer 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 volunteer 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.

Additionally, as described in Note 10, the College provides staffing, in the past office space, and other costs for operations of the Foundation. These amounts are included in revenues as College support, with the associated expense reflected in administrative expenses.

**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.

As of June 30, 2016, the Foundation is no longer subject to U.S. federal income tax examinations by tax authorities for tax years before 2013.

**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, college support, and special events revenue. 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 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 $150 and $6,146 for the years ended June 30, 2016 and 2015, 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.

**Reclassifications**
Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassification had no impact on previously reported net position.

**Pronouncement's Issues**
The Foundation implemented GASB Statement No. 72, *Fair Value Measurement and Application,* (the "Statement") that became effective for the year ended June 30, 2016. This Statement defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement also provides guidance for determining a fair value measurement for financial reporting purposes. Additionally, this

Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

Implementation of GASB 72 did not have a significant impact on the financial statements.

**NOTE 2 – CASH AND INVESTMENTS**

The cash reflected in the Statement of Net Position is the carrying amount of deposits of the individual account's equity in the pooled cash balances. A summary schedule of cash and investments for the Foundation as of June 30, 2016 and 2015 follows:

| | June 30, 2016 | | |
|---|---|---|---|
| | Unrestricted | Restricted | Total |
| Cash and money market funds | $ 201,907 | $ 1,233,608 | $ 1,435,515 |
| Certificates of deposit | - | 271,229 | 271,229 |
| Managed Accounts | | | |
| Equities | - | 280,633 | 280,633 |
| Corporate bonds | - | 53,333 | 53,333 |
| US government obligations | - | 26,552 | 26,552 |
| Fixed income mutual funds | - | 216,511 | 216,511 |
| Other mutual funds | - | 541,617 | 541,617 |
| Commonfund Core Equity Fund | 679,078 | 3,140,751 | 3,819,829 |
| Commonfund High Quality Bond Fund | - | 962,741 | 962,741 |
| Total investments | 679,078 | 5,222,138 | 5,901,216 |
| Total cash and investments | $ 880,985 | $ 6,726,975 | $ 7,607,960 |

| | June 30, 2015 | | |
|---|---|---|---|
| | Unrestricted | Restricted | Total |
| Cash and money market funds | $ 142,130 | $ 1,151,409 | $ 1,293,539 |
| Certificates of deposit | - | 371,170 | 371,170 |
| Managed Accounts | | | |
| Equities | - | 276,390 | 276,390 |
| Corporate bonds | - | 54,339 | 54,339 |
| US government obligations | - | 27,123 | 27,123 |
| Fixed income mutual funds | - | 173,795 | 173,795 |
| Other mutual funds | 13,626 | 643,043 | 656,669 |
| Commonfund Core Equity Fund | 661,053 | 3,240,073 | 3,901,126 |
| Commonfund High Quality Bond Fund | - | 940,469 | 940,469 |
| Total investments | 674,679 | 5,355,232 | 6,029,911 |
| Total cash and investments | $ 816,809 | $ 6,877,811 | $ 7,694,620 |

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

**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:

| | June 30, 2016 | |
|---|---|---|
| | Carry Amount | Bank Balance |
| Cash and money market funds | | |
| Cash on hand | $ - | $ - |
| Insured, FDIC or SIPC | 547,771 | 547,771 |
| Uninsured and uncollateralized | 887,744 | 893,661 |
| | $ 1,435,515 | $ 1,441,432 |
| Certificates of deposit | | |
| Insured, Federal Deposit Insurance Corporation | $ 271,229 | $ 271,229 |

| | June 30, 2015 | |
|---|---|---|
| | Carry Amount | Bank Balance |
| Cash and money market funds | | |
| Cash on hand | $ 59 | $ - |
| Insured, FDIC or SIPC | 429,718 | 429,718 |
| Uninsured and uncollateralized | 863,762 | 864,073 |
| | $ 1,293,539 | $ 1,293,791 |
| Certificates of deposit | | |
| Insured, Federal Deposit Insurance Corporation | $ 371,170 | $ 371, 170 |

**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 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. The Commonfund High Quality Bond Fund has a weighted average life of 8.5 years, with an effective duration of 5.0 years.

Credit Risk – The Foundation's investment policy provides for a target asset allocation of 35% to fixed income instruments. The Federal Farm Credit Bank investments are rated AAA. Corporate bonds are rated A and AA. The Commonfund High Quality Bond Fund has an average quality rating of AA-. The fixed income mutual funds are not rated by nationally 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 55% to 75%. 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.) During the fiscal year ended June 30, 2016, the Foundation increased their maximum payout from 4.00% to a maximum of 4.5% for participating accounts, 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.

**NOTE 3 – FAIR VALUE MEASUREMENTS**

Statement No. 72 of the Government Accounting Standards Board ("GASB") *Fair Value Measurements and Application,* sets forth the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB 72 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the Foundations' own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Foundation's own data.

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The determination of what constitutes observable requires judgment by the Foundation's management. Foundation management considers observable data to be that market data which is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market.

Net asset value ("NAV") – A government can use NAV per share for investments as a practical expedient to determine the fair value of investments that do not have a readily determinable fair value. The investment in Commonfund Core Equity Fund does not have a readily determinable fair value and either has attributes of an investment company or prepares their financial statements consistent with the measurement principles of an investment company. The Investment Manager reserves the right to adjust the reported net asset value if it is determined to be not reflective of the fair value. Investments measured at NAV is excluded from the fair value hierarchy (Level 1, 2, or 3).

The categorization of an investment within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to Foundation management's perceived risk of that investment. The following is a description of the valuation methods and assumptions used by the Foundation to estimate the fair value of its investments. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Foundation management believes its valuation methods are appropriate and consistent with other market participants. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

When available, quoted prices are used to determine fair value. When quoted prices in active markets are available, investments are classified within Level 1 of the fair value hierarchy.

The Foundation's investment holdings in accordance with the fair value hierarchy for June 30, 2016 and 2015 are as follows:

| | June 30, 2016 | | | | |
|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | NAV | Total |
| US government obligations | $ - | $ 26,552 | $ - | $ - | $ 26,552 |
| Corporate bonds | - | 53,333 | - | - | 53,333 |
| Mutual funds | 758,128 | - | - | - | 758,128 |
| Equities | 280,633 | - | - | - | 280,633 |
| Common Fund High Quality Bond Fund | 14,312 | 948,407 | 22 | - | 962,741 |
| Common Fund Core Equity Fund | 2,719,285 | - | - | 1,100,544 | 3,819,829 |
| Leveled investment total | $ 3,772,358 | $ 1,028,292 | $ 22 | $ 1,100,544 | $ 5,901,216 |

| | June 30, 2015 | | | | |
|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | NAV | Total |
| US government obligations | $ - | $ 27,123 | $ - | $ - | $ 27,123 |
| Corporate bonds | - | 54,339 | - | - | 54,339 |
| Mutual funds | 830,464 | - | - | - | 830,464 |
| Equities | 276,390 | - | - | - | 276,390 |
| Common Fund High Quality Bond Fund | 3,190 | 934,882 | 2,397 | - | 940,469 |
| Common Fund Core Equity Fund | 2,802,085 | - | - | 1,099,041 | 3,901,126 |
| Leveled investment total | $ 3,912,129 | $ 1,016,344 | $ 2,397 | $ 1,099,041 | $ 6,029,911 |

Commonfund Core Equity Fund investments generally have the ability to suspend or refuse transfers on interest or withdrawals prior to their termination. Commonfund Core Equity investments limit redemptions to daily and require one day advance written notice. In addition, certain of these investment vehicles may have provisions for extended initial periods during which withdrawals are restricted ("lock-up" periods) and/or retain discretion to further limit or preclude redemptions under certain circumstances.

The following table provides details of redemption restrictions of Common Fund Core Equity Fund investments held at June 30, 2016 and 2015. These restrictions could impact the Fund's ability to make payments of withdrawal proceeds within the prescribed time frame.

| June 30, 2016 | Investment Strategy | Fair Value Determined Using NAV | Redemp-tion Terms | Redemption Restrictions | Redemption Restrictions in Place at Year End |
|---|---|---|---|---|---|
| Commonfund Core Equity Fund | Domestic Equity | $1,100,544 | Weekly | No lockup provisions or side pocket arrangements exist as of June 30, 2016 | No funds were gated as of June 30, 2016 |

| June 30, 2015 | Investment Strategy | Fair Value Determined Using NAV | Redemp-tion Terms | Redemption Restrictions | Redemption Restrictions in Place at Year End |
|---|---|---|---|---|---|
| Commonfund Core Equity Fund | Domestic Equity | $1,099,041 | Weekly | No lockup provisions or side pocket arrangements exist as of June 30, 2015 | No funds were gated as of June 30, 2015 |

**NOTE 4 – CAPITAL ASSETS**

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

| | Equipment and Furnishings, at Cost | Leasehold Improvements, at Cost | Accumulated Depreciation | Capital Assets, Net |
|---|---|---|---|---|
| Balance at June 30, 2014 | $ 103,184 | $ 25,513 | $ (107,173) | $ 21,524 |
| Less depreciation | - | - | (9,078) | (9,078) |
| Balance at June 30, 2015 | 103,184 | 25,513 | (116,251) | 12,446 |
| Less disposals | (46,199) | (25,513) | 69,395 | (2,317) |
| Less depreciation | - | - | (10,129) | (10,129) |
| Balance at June 30, 2016 | $ 56,985 | $ - | $ (56,985) | $ - |

## NOTE 5 – CONTRIBUTIONS RECEIVABLE

Contributions 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. A discount rate of .50% and .25% respectively, was used for years ending June 30, 2016 and 2015. Pledges for additions to endowment accounts are recorded when payments are received. The Foundation anticipates collection of substantially all contributions receivable, a provision for uncollectible receivables totaling $2,993 has been made. Contributions receivable at June 30, 2016 and 2015 are for the following areas:

| | 2016 | 2015 |
|---|---|---|
| Operating funds | $ 7,760 | $ 11,005 |
| Scholarship funds | 5,588 | 15,224 |
| Other funds | 805,875 | 914,468 |
| Gross contribution receivable | 819,223 | 940,697 |
| Less present value discount | (10,832) | (9,894) |
| Net contribution receivable | $ 808,391 | $ 930,803 |
| | | |
| Current portion | $ 357, 715 | $ 262,057 |
| Long-term portion (due within 1 to 5 years) | 450, 676 | 668,746 |
| Net contribution receivable | $ 808,391 | $ 930,803 |

## NOTE 6 – ADMINISTRATIVE AND MANAGEMENT FEES

During the fiscal year ended June 30, 2016, the Foundation's board discontinued its previous policy of applying a 10% administrative fee on restricted contributions received as the majority of donor's requested this fee be waived when considering donating to the Foundation. To help cover the costs associated with managing these restricted accounts, the Foundation instituted a maximum allowable management fee of 1.5% to be assessed based on the account's average rolling market value of the previous 20 quarters. The assessment becomes part of unrestricted amounts utilized for administrative overhead costs of the Foundation. The annual management fee may be waived if the fund will drop below the corpus amount of the account.

When assessed, the fee is then transferred from the individual restricted accounts net position to unrestricted net position. During the period ending June 30, 2016 and 2015, the endowment management fee was assessed totaling $96,468 and $37,200, respectively.

**NOTE 7 – ENDOWMENTS**

The Foundation holds two pools of endowment accounts. One account, as described in Note 8, 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 and program funding, are combined in an internal investment pool. The corpus balances of all endowment accounts held by the Foundation at June 30, 2016 and 2015 total $4,227,002 and $4,114,369, respectively.

The Foundation Board of Trustees previously designated $73,219 of unrestricted donations for the establishment of certain accounts, including two endowments. Of these designated amounts, portions have been spent or redesignated over the years, leaving a board designated balance of $39,409. Additionally, during the period ending June 30, 2011, $621,644 in unrestricted amounts were designated by the Board of Trustees as part of the Endowment for New Programs. These designated amounts have increased in value as earnings have accumulated over the years. Because governing boards do not have the authority to permanently restrict amounts received without donor restriction, future boards could redesignate these amounts at any time. Therefore, these amounts are considered unrestricted net positions. 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 accounts 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 account 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 accounts for program purposes will not exceed 4.0% annually. This spending policy was revised in the year ended June 30, 2016 and the maximum spending rate was increased to 4.5%.

Net appreciation (depreciation) in endowment accounts, which total $1,638,399 and $1,855,333 at June 30, 2016 and 2015, respectively, is shown as part of expendable net position in the Statement of Net Position. Nevada Revised Statute ("NRS") section 164.667 states that "Subject to the intent of a donor expressed in the gift instrument and to subsection 4, an institution may appropriate for expenditure or accumulate so much of an endowment fund as the institution determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established. Unless stated otherwise in the gift instrument, the assets in an endowment fund are donor-restricted assets until appropriated for expenditure by the institution."

**NOTE 8 – 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, 2016 and 2015. No other Foundation assets have been commingled with these endowment assets.

On January 21, 2013, the Foundation received notification from the Donald W. Reynolds Foundation, indicating that the Foundation is a terminal foundation and will close on or before 2022. As a result the Donald W. Reynolds Foundation is simplifying the reporting requirements for the Campus Enrichment Project and all reporting requirements will cease as of February 28, 2019.

**NOTE 9 – PENDING BEQUESTS**

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. The trust holds the leases in partnership with a company that is paying 100% of the expenses for the mining claims, and will apply future lease payments to the trust against the trust's share of unpaid expenses prior to any potential for distributions to the trust. It would be difficult to estimate the likelihood or amount of possible future distributions, if any, to be made to the Foundation.

**NOTE 10 – RELATED PARTY TRANSACTIONS**

Current liabilities included $37,136 and $19,364 due to Great Basin College at June 30, 2016 and 2015, respectively. These balances consisted primarily of reimbursements due for Campus Enhancement Project maintenance costs (see Note 8), and reimbursement of support staff payroll costs at June 30, 2016 and 2015.

The College provided the Foundation with the in-kind contribution of a support staff for the Foundation staff in the amount of $13,385 for the year ended June 30, 2016. The College provided the Foundation with the in-kind contribution of a 40% time executive director and a portion of the cost of the Foundation staff in the amount of $77,828 for the year ended June 30, 2015.

The College provides office space and associated utility costs for the Foundation. The Foundation recorded $1,800 and $18,000 as in-kind contributions for office space, and associated rental expense for the years ended June 30, 2016 and 2015, respectively. The College also paid postage on behalf of the Foundation of $174 and $647 for the years ended June 30, 2016 and 2015, respectively.

The Foundation expended $539,749 and $366,977 in cash and in-kind contributions for programs, facilities, capital projects, and activities of the College during the years ended June 30, 2016 and 2015, respectively.

The Foundation donated assets with net capital value of $2,317 to the College during the year ended June 30, 2016.

**NOTE 11 – 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 12 - SUBSEQUENT EVENTS**

Subsequent events have been evaluated through November 11, 2016, which is the date the financial statements were available to be issued.