Great Basin College Foundation

Financial Statements
and
Report of Independent Accountant

June 30, 2013 (Audited)
and 2012 (Reviewed)

Great Basin College Foundation

Financial Statements

and

Independent Accountant's Report

For the Years Ended

June 30, 2013 (Audited) and 2012 (Reviewed)

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

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 year ended June 30, 2013, 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 financial position of Great Basin College Foundation as of June 30, 2013, and the changes in its financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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Other Matters

Prior Period Financial Statements

The financial statements for the year ended June 30, 2012, were reviewed by us, and our report thereon, dated August 27, 2012, stated that we were not aware of any material modifications that should be made to those statements for them to be in conformity with accounting principles generally accepted in the United States of America. 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.

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.

Kafoury, Armstrong & Co.

Elko, Nevada
September 9, 2013

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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, 2013 and 2012. 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. Dr. John Patrick Rice, the College's Chief Development Officer, also serves as the Foundation's Executive Director.

Financial Highlights

- The Foundation is in its third year of a major giving campaign, ***VISION 2020***. The primary focus of the campaign is to expand private sector partnerships within the College's service area. ***VISION 2020*** initiatives include:
    - Scholarships
    - Institutional Sustainability
    - Health Sciences & Human Services
    - Emerging Opportunities
  - ***VISION 2020*** is focused on optimizing donor support and satisfaction through flexible funding opportunities. Contributions may be in the form of endowments (nonexpendable funds) or restricted support, designed to be expended over time for the scholarships, programs, or other initiatives as selected by the donor.
  - Since its inception, ***VISION 2020*** has reached over $4 million in support for the College, including contributions, commitments, grants, and program support for expansion of career and technical programs in Elko and Winnemucca.
- During the period ending June 30, 2010, the College began a phased-in approach to assuming the Foundation's staff payroll costs, with all staff payroll costs being assumed by the College effective January 1, 2011. Although these payroll costs are still included as a component of ***Administrative expenses***, the College's contribution of these amounts is included in revenue as ***College support***.

Great Basin College Foundation
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended June 30, 2013 (Audited) and 2012 (Reviewed)

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:

- ***Statements of Net Position*** – 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;
- ***Statements of Revenues, Expenses, and Changes in Fund Net Position*** – 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.

Great Basin College Foundation
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended June 30, 2013 (Audited) and 2012 (Reviewed)

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.

June 30, 2013, 2012 and 2011

	2013	2012	2011
Current and other assets	$ 6,710,091	$ 6,458,408	$ 5,409,204
Capital assets	33,059	44,594	56,048
Total Assets	6,743,150	6,503,002	5,465,252
Current liabilities	7,468	37,601	12,371
Total Liabilities	7,468	37,601	12,371
Net position:			
Net investment in capital assets	33,059	44,594	56,048
Restricted:			
Nonexpendable	3,594,834	3,457,729	3,266,400
Expendable	2,071,138	1,999,309	1,176,716
Unrestricted	1,036,651	963,769	953,717
Total Net Position	$ 6,735,682	$ 6,465,401	$ 5,452,881

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 increases in 2012 and 2013 reflect increased revenues associated with ***VISION 2020***. The increase in 2013 is also associated with an increase in value of marketable securities during the period.

Foundation liabilities include current amounts due to others that had not been paid at the end of the period. In 2011, 2012 and 2013, these amounts consist primarily of amounts owed to the College for reimbursable campus enhancement maintenance costs supported by the Foundation's maintenance endowment. This amount fluctuates based on maintenance projects related to the campus enhancement area each spring. The increase in 2012 was related to extensive planned repairs during the period.

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 2011 to 2012 is primarily associated with an increase in pledges receivable for ***VISION 2020*** initiatives. Associated distributions of the expendable amounts will occur when the pledges are satisfied and any donor-imposed conditions are met.

Great Basin College Foundation
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended June 30, 2013 (Audited) and 2012 (Reviewed)

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. ***VISION 2020*** is expected to continue to have a positive impact on the results of the Foundation's operations in the near future.

Condensed Statements of Revenues, Expenses, and Changes in Fund Net Position
For the Years Ended June 30, 2013, 2012 and 2011

	2013	2012	2011
Operating Revenues			
Contributions	$ 177,726	$ 1,457,729	$ 227,197
College support	305,014	345,791	292,704
Administrative and management fees	38,250	1,107	28,673
Special events revenue, net	33,052	23,353	22,625
Other operating revenue	7,405	6,597	5,944
Total Operating Revenues	561,447	1,834,577	577,143
Operating Expenses			
Distributions to Great Basin College	616,587	622,029	425,026
Restricted program expenses	62,658	27,357	53,755
Administrative expenses	368,322	409,848	379,897
Total Operating Expenses	1,047,567	1,059,234	858,678
Operating Income (Loss)	(486,120)	775,343	(281,535)
Nonoperating Gains (Losses)			
Investment income (loss)	643,426	55,238	634,736
Loss on sale of real property	(50,834)	-	-
Loss on note foreclosure	-	-	(2,878)
Loss on early retirement of assets	-	-	(4,040)
Total Nonoperating Gains (Losses)	592,592	55,238	627,818
Income (Loss) before Additions to Endowments	106,472	830,581	346,283
Additions to Endowments	163,809	181,939	295,085
Increase (Decrease) in Net Position	270,281	1,012,520	641,368
Beginning Net Position	6,465,401	5,452,881	4,811,513
Ending Net Position	$ 6,735,682	$ 6,465,401	$ 5,452,881

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 Foundation's major giving campaign, ***VISION 2020***, has resulted in an increase in cash contributions and commitments for future payments, referred to as pledges receivable. Significant pledge commitments were received in 2012, which accounts for the increase in Contributions and associated Pledges Receivable during the period.

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. The salary of the Executive Director, whose role with the College is half as Executive Director of the Foundation and half as Chief Development Officer of the College, has traditionally been assumed by the College. In January 2010, the College began covering one-third of the payroll costs for all Foundation staff. This phased-in plan continued in 2011, with the College assuming two-thirds of Foundation payroll staff costs in the first half of the period, and the full amount effective January 2011. Additionally, during 2011, 2012 and a portion of 2013, the College provided cash support for the payment of the Foundation's major gifts consultant.

Administrative and management fees include two components.

- An administrative fee of 10% may be assessed on certain restricted contributions to cover Foundation overhead costs. These fees have been suspended for the duration of the major gifts campaign (except for bequests and certain other gifts). This assures donors that their restricted contributions will be used 100% in accordance with their restrictions.
- Management fees are generally assessed annually on endowment funds to compensate the Foundation for the costs of administering those funds. This fee was assessed in 2011 and 2013. In 2012, investment earnings were deemed inadequate to assess the management fee.

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. During the year ending, June 30, 2011, the silent auction portion of the dinner dance gala was eliminated, resulting in reduced revenue from special events for 2011 and 2012. The silent auction was reinstated in 2013, accounting for the increase in special events revenue.

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 2012 distributions reflects a rise in distributions associated with the increase in ***VISION 2020*** contributions. This increased level of distribution was sustained in 2013.

Administrative expenses include the cost of operating the Foundation. The most significant administrative expenses are staff payroll costs, which are provided by the College, and are reflected in ***College support***. During 2013, one full-time employee began working remotely in a part-time capacity, resulting in a reduction of payroll costs. Another significant administrative expense is major gift consultant fees, which is fully reimbursed by the College. This contract for major gift consulting was completed during 2013.

The 2011 and 2013 levels of ***Investment income (loss)*** represent a robust market during the periods. The decline from 2011 to 2012 reflects a market decline during that period.

Loss on sale of real property reflects the realized loss on the sale of a property in Fallon, Nevada that was received by bequest in 2002. Market conditions have 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.

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 Executive Director, Dr. John Patrick Rice, at P.O. Box 2056, Elko, Nevada 89803.

Great Basin College Foundation
STATEMENTS OF NET POSITION
As of June 30, 2013 (Audited) and 2012 (Reviewed)

	As of June 30, 2013	As of June 30, 2012
ASSETS		
Current Assets		
Unrestricted cash and cash equivalents	$ 156,088	$ 77,829
Restricted cash and cash equivalents	681,653	230,712
Unrestricted certificates of deposit	-	131,993
Restricted certificates of deposit	949,347	1,139,664
Current portion of pledges receivable, net	210,965	185,614
Prepaid expenses	4,060	6,707
Other current assets	206	5,956
Total Current Assets	2,002,319	1,778,475
Noncurrent Assets		
Unrestricted long-term investments	661,053	661,053
Restricted long-term investments	3,897,176	3,359,610
Real property	11,500	89,672
Long-term portion of pledges receivable, net	138,043	569,598
Capital assets, net	33,059	44,594
Total Noncurrent Assets	4,740,831	4,724,527
TOTAL ASSETS	6,743,150	6,503,002
LIABILITIES		
Current Liabilities		
Accounts payable	1,239	226
Due to College	6,229	37,375
Total Current Liabilities	7,468	37,601
TOTAL LIABILITIES	7,468	37,601
NET POSITION		
Restricted for:		
Nonexpendable	3,594,834	3,457,729
Expendable:		
Scholarships	840,036	634,105
Building projects	138,427	167,831
Other	1,092,675	1,197,373
Net investment in capital assets	33,059	44,594
Unrestricted	1,036,651	963,769
TOTAL NET POSITION	$ 6,735,682	$ 6,465,401

See accompanying notes and accountant's report.

Great Basin College Foundation
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
For the Years Ended June 30, 2013 (Audited) and 2012 (Reviewed)

	For the Years Ended June 30,	
	2013	**2012**
OPERATING REVENUES		
Contributions	$ 177,726	$ 1,457,729
College support	305,014	345,791
Administrative and management fees	38,250	1,107
Special events revenue, net	33,052	23,353
Other operating revenue	7,405	6,597
Total Operating Revenues	561,447	1,834,577
OPERATING EXPENSES		
Distributions to Great Basin College		
Scholarships	157,170	147,084
Building projects	-	309,967
Other	459,417	164,978
Restricted program expenses	62,658	27,357
Administrative expenses	368,322	409,848
Total Operating Expenses	1,047,567	1,059,234
OPERATING INCOME (LOSS)	(486,120)	775,343
NONOPERATING GAINS (LOSSES)		
Investment income (loss)	643,426	55,238
Loss on sale of real property	(50,834)	-
Total Nonoperating Gains (Losses)	592,592	55,238
INCOME (LOSS) BEFORE ADDITIONS TO ENDOWMENTS	106,472	830,581
ADDITIONS TO ENDOWMENTS	163,809	181,939
INCREASE (DECREASE) IN NET POSITION	270,281	1,012,520
NET POSITION		
NET POSITION AT BEGINNING OF YEAR	6,465,401	5,452,881
NET POSITION AT END OF YEAR	$ 6,735,682	$ 6,465,401

See accompanying notes and accountant's report.

Great Basin College Foundation
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2013 (Audited) and 2012 (Reviewed)

	For the Years Ended June 30, 2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from contributions	$ 579,880	$ 721,828
Receipts from college support	53,460	71,280
Receipts from administrative and management fees	38,250	1,107
Receipts from special events, net	33,052	23,353
Receipts from other operations	7,405	6,597
Distributions to College	(637,933)	(597,339)
Payments for restricted program expenses	(61,532)	(27,355)
Payments to vendors for goods and services	(102,699)	(124,387)
Net cash (used) provided by operating activities	(90,117)	75,084
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	-	(1,219)
Net cash (used) provided by capital activities	-	(1,219)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends on investments	119,126	102,684
Net sales (purchases) of certificates of deposits	315,000	(460,000)
Net sales (purchases) of investments	(23,849)	6,485
Realized gain (loss) on sale of investments	17,893	(3,661)
Proceeds from sale of real property	27,338	-
Additions to endowments	163,809	181,939
Net cash (used) provided by investing activities	619,317	(172,553)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	529,200	(98,688)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	308,541	407,229
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 837,741	$ 308,541
This balance consists of:		
Unrestricted cash and cash equivalents	$ 156,088	$ 77,829
Restricted cash and cash equivalents	681,653	230,712
	$ 837,741	$ 308,541

See accompanying notes and accountant's report.

Great Basin College Foundation
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2013 (Audited) and 2012 (Reviewed)

	For the Years Ended June 30,	
	2013	2012
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	$ (486,120)	$ 775,343
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	11,535	11,892
Changes in assets and liabilities:		
Decrease (increase) in prepaid expenses	2,647	(471)
Decrease (increase) in pledges receivable	406,204	(732,131)
Decrease (increase) in other current assets	5,750	(5,560)
Increase (decrease) in accounts payable	1,013	(606)
Increase (decrease) in due to College	(31,146)	26,617
Increase (decrease) in accrued liabilities	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (90,117)	$ 75,084

NON-CASH OPERATING, CAPITAL, AND INVESTING ACTIVITIES:

Operating income (loss) includes in-kind contributions and associated operating expenses of:		
Contributions	$ 4,050	$ 3,770
Special events revenues and associated expenses	12,610	4,130
College support for Foundation employee costs	232,739	255,727
College support for Foundation office space	18,000	18,000
College support for equipment and expenses	815	784
	$ 268,214	$ 282,411
Non-cash distributions made to College	$ 4,050	$ 3,770
Unrealized investment gains	$ 506,407	$ (43,785)
Realized loss on sale of property	$ (50,834)	$ -

See accompanying notes and accountant's report.

Great Basin College Foundation
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 (Audited) and 2012 (Reviewed)

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. Resources 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 positions.

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. 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 Statements of Revenues, Expenses, and Changes in Net Position. 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, 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, 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, 2013, the Foundation is no longer subject to U.S. federal income tax examinations by tax authorities for tax years before 2010.

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 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 $24,016 and $14,308 for the years ended June 30, 2013 and 2012, 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.

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Note 2 – *Cash and Investments*

The cash reflected in the Statements 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, 2013 and 2012 follows:

As of June 30, 2013

	Unrestricted	Restricted	Total
Cash and money market funds	$156,088	$681,653	$837,741
Certificates of deposit	-	949,347	949,347
Managed accounts:			
Equities	-	241,126	241,126
Corporate bonds	-	135,369	135,369
US government obligations	-	27,877	27,877
Fixed income mutual funds	-	104,191	104,191
Other mutual funds	-	482,896	482,896
Commonfund Core Equity Fund	661,053	2,113,572	2,774,625
Commonfund High Quality Bond Fund	-	792,145	792,145
Total investments	661,053	3,897,176	4,558,229
Total cash and investments	$817,141	$5,528,176	$6,345,317

As of June 30, 2012

	Unrestricted	Restricted	Total
Cash and money market funds	$77,829	$230,712	$308,541
Certificates of deposit	131,993	1,139,664	1,271,657
Managed accounts:			
Equities	-	212,377	212,377
Corporate bonds	-	161,056	161,056
US government obligations	-	54,954	54,954
Fixed income mutual funds	-	53,439	53,439
Other mutual funds	-	409,455	409,455
Commonfund Core Equity Fund	661,053	1,660,784	2,321,837
Commonfund High Quality Bond Fund	-	807,545	807,545
Total investments	661,053	3,359,610	4,020,663
Total cash and investments	$870,875	$4,729,986	$5,600,861

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:

	Carrying Amount	Bank Balance
As of June 30, 2013		
Cash and money market funds:		
Cash on hand	$ 144	$ -
Insured, FDIC or SIPC	530,171	530,171
Uninsured and uncollateralized	307,426	685,244
	$ 837,741	$ 1,215,415
Certificates of deposit:		
Insured, Federal Deposit Insurance Corporation	$ 949,347	$ 949,347
As of June 30, 2012		
Cash and money market funds:		
Cash on hand	$ 143	$ -
Insured, FDIC or SIPC	274,658	274,658
Uninsured and uncollateralized	33,740	33,952
	$ 308,541	$ 308,610
Certificates of deposit:		
Insured, Federal Deposit Insurance Corporation	$ 1,271,657	$ 1,271,657

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 7.8 years, with an effective duration of 4.9 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 A+. 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.) Investment objectives include a maximum 4% payout 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.

A summary of endowment investments and associated maturities follows:

As of June 30, 2013

Investment Type	Fair Value	Investment Maturities (In Years) < 1	1 - 5	6 - 10	> 10
Equities	$ 241,126	$ 241,126	$ -	$ -	$ -
Corporate bonds	135,369	-	79,252	56,117	-
Fixed income mutual funds	104,191	104,191	-	-	-
Other mutual funds	482,896	482,896	-	-	-
US government obligations	27,877	-	27,877	-	-
Commonfund Core Equity Fund	2,774,625	2,774,625	-	-	-
Commonfund High Quality Bond Fund	792,145	792,145	-	-	-
	$ 4,558,229	$ 4,394,983	$ 107,129	$ 56,117	$ -

As of June 30, 2012

Investment Type	Fair Value	Investment Maturities (In Years) < 1	1 - 5	6 - 10	> 10
Equities	$ 212,377	$ 212,377	$ -	$ -	$ -
Corporate bonds	161,056	25,126	78,412	57,518	-
Fixed income mutual funds	53,439	53,439	-	-	-
Other mutual funds	409,455	409,455	-	-	-
US government obligations	54,954	25,588	29,366	-	-
Commonfund Core Equity Fund	2,321,837	2,321,837	-	-	-
Commonfund High Quality Bond Fund	807,545	807,545	-	-	-
	$ 4,020,663	$ 3,855,367	$ 107,778	$ 57,518	$ -

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:

	Equipment & Furnishings, At Cost	Leasehold Improvements, At Cost	Accumulated Depreciation	Capital Assets, Net
Balance at June 30, 2011	$ 102,746	$ 25,513	$ (72,211)	$ 56,048
Add: Acquisitions	438	-	-	438
Less: Depreciation	-	-	(11,892)	(11,892)
Balance at June 30, 2012	$ 103,184	$ 25,513	$ (84,103)	$ 44,594
Less: Depreciation	-	-	(11,535)	(11,535)
Balance at June 30, 2013	$ 103,184	$ 25,513	$ (95,638)	$ 33,059

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:

Balance at June 30, 2012:		
Property in Ely, NV	*Unrestricted*	$ 11,500
Property in Fallon, NV	*Restricted*	78,172
		$ 89,672
Less: Sale of property in Fallon, NV		(78,172)
Balance at June 30, 2013:		
Property in Ely, NV	Unrestricted	$ 11,500

Note 5 – *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. A discount rate of .25% was used for both years ending June 30, 2013 and 2012. 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, 2013 and 2012 are for the following areas:

	2013	2012
Operating funds	$ 35,921	$ 25,361
Scholarship funds	9,804	10,602
Other funds	304,820	723,624
Gross pledges receivable	$ 350,545	$ 759,587
Less: Present value discount	(1,537)	(4,375)
Net pledges receivable	$ 349,008	$ 755,212
Current portion	$ 210,965	$ 185,614
Long-term portion (Due within 1 to 5 years)	138,043	569,598
Net pledges receivable	$ 349,008	$ 755,212

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Note 6 – *Administrative and Management Fees*

The Foundation is authorized by its Board to assess a 10% administrative fee on restricted contributions. Donation agreements communicate this policy to donors. The assessment becomes part of unrestricted amounts utilized for administrative overhead costs of the Foundation. Assessment of this fee has been suspended for the duration of the major gifts campaign currently being undertaken by the Foundation, except for bequests and other gifts with high administrative costs as evaluated on a case-by-case basis.

When assessed, the full amount of the restricted donation is recorded as a contribution in the individual restricted account. The fee is then recorded as an expense to the restricted account and as administrative fee revenue in the unrestricted account. In the accompanying Statements of Revenues, Expenses, and Changes in Fund Net Position, administrative fee expense in the restricted account 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 accounts on a sliding scale based on corpus balance to compensate the Foundation for the costs of administering those accounts. Unrestricted management fee revenue is shown as *Administrative and management fees* under *Operating revenues.* During the period ending June 30, 2013, the endowment management fee was assessed. During the period ending June 30, 2012, investment earnings were deemed inadequate to assess an endowment management fee.

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, 2013 and 2012 total $3,594,834 and $3,457,729, 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 $39,409 of the $73,219 for the year ended June 30, 2011. 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. 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 positions 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% annually. This spending policy remains in force.

Net appreciation (depreciation) in endowment accounts, which total $1,060,681 and $573,568 at June 30, 2013 and 2012, respectively, is shown as part of expendable net positions 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, 2013 and 2012. 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 its 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.

During the year ending June 30, 2011, the Foundation was notified that it was named as a beneficiary of an estate that is presently being challenged. No provision for this bequest is included at this time because it would be difficult to estimate the likelihood or amount of possible distributions, if any, to be made to the Foundation.

Note 10 – *Related Party Transactions*

Accounts payable included $6,229 and $37,375 due to Great Basin College at June 30, 2013 and 2012, respectively. These balances consisted primarily of reimbursements due for Campus Enhancement Project maintenance costs (see Note 8) at June 30, 2013 and 2012.

The College provided the Foundation with the in-kind contribution of a half-time executive director and the cost of the Foundation staff in the amounts of $232,739 and $255,727 for the years ended June 30, 2013 and 2012, respectively. Additionally, the College provided $53,460 and $71,280 in cash support for monthly consulting fees associated with a major giving campaign during the periods ending June 30, 2013 and 2012, respectively.

The College provides office space and associated utility costs for the Foundation. The Foundation recorded $18,000 as in-kind contributions for office space, and associated rental expense for the same amount for the years ended June 30, 2013 and 2012. The College also paid postage on behalf of the Foundation of $815 and $784 for the years ended June 30, 2013 and 2012, respectively.

The Foundation expended $616,587 and $622,029 in cash and in-kind contributions for programs, facilities, capital projects, and activities of the College during the years ended June 30, 2013 and 2012, respectively.

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.