GREAT BASIN COLLEGE FOUNDATION

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2026

GREAT BASIN COLLEGE FOUNDATION

JUNE 30, 2026

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GREAT BASIN COLLEGE FOUNDATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2026

This section of Great Basin College Foundation's ("Foundation") annual financial report presents our discussion and analysis of the Foundation's financial activity for the years ended June 30, 2026 and 2025. 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.

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 ("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.

Overview of the Financial Statements

The financial statements have been prepared in accordance with Governmental Accounting Standards Board (GASB) Codification. The financial statements presented focus on the financial condition of the Foundation and the results of operations and cash flows of the Foundation as a whole. There are three financial statements presented: the Statements of Net Position; the Statements of Revenues, Expenses and Changes in Net Position; and the Statements of Cash Flows. They are prepared using the accrual basis of accounting.

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 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.

Statements 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.

Financial Highlights

- Contributions in fiscal year ending June 30, 2026, were $1,859,972 (operating revenues and additions to endowments) which is an increase of $533,282 over the fiscal year ending June 30, 2025. The majority of this increase in contributions can be attributed to additional in-kind donations received for personnel costs from Great Basin College.

- Distributions to Great Basin College were $1,374,012 in fiscal year ending June 30, 2026. These include disbursements to Great Basin College for scholarships, projects, other programs and miscellaneous expense reimbursements.

- The Foundation held their third annual golf Classic in the year ending June 30, 2026. The event continues to be a successful fundraiser, generating more than $25,000 in net proceeds.

- The Foundation established two new endowed scholarships during the fiscal year, each funded at $25,000, creating $50,000 in new endowed funds to provide ongoing scholarship support for GBC students.

Financial Summary

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 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.

Condensed Statements of Net Position
June 30, 2026 and 2025

Assets:	2026	2025	Change
Current and other assets	$ 3,700,523	$ 3,148,586	$ 551,937
Noncurrent assets	11,919,800	10,482,622	1,437,178
Total assets	$ 15,620,323	$ 13,631,208	$ 1,989,115
Liabilities:			
Current liabilities	$ 95,536	$ 44,664	$ 50,872
Deferred inflows of resources	20,853	27,614	(6,761)
Net position:			
Restricted-nonexpendable	5,457,964	5,400,274	57,690
Restricted-expendable	8,214,706	6,568,841	1,645,865
Unrestricted	1,831,264	1,589,815	241,449
Total net position	15,503,934	13,558,930	1,945,004
Total liabilities and net position	$ 15,620,323	$ 13,631,208	$ 1,989,115

Condensed Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2026 and 2025

	2026	2025	Change
Operating revenues	$ 1,794,972	$ 1,314,090	$ 480,882
Operating expenses	1,772,106	1,490,238	281,868
Operating income (loss)	22,866	(176,148)	199,014
Nonoperating revenues and gains	1,922,138	1,210,588	711,550
Change in net position	1,945,004	1,034,440	910,564
Net position, beginning of year	13,558,930	12,524,490	1,034,440
Net position, end of year	$ 15,503,934	$ 13,558,930	$ 1,945,004

Detailed Analysis

The basic financial statements and the required supplementary information serve as the key financial data for management's monitoring and planning. Comments regarding year-to-year variances are included below.

Current, other assets, and noncurrent assets are primarily comprised of cash and investments. The Foundation follows the investment policy of the Nevada System of Higher Education 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. There were no major giving campaigns held in FY 26.

Current liabilities are amounts due by the Foundation to others that had not been paid at the end of the period. In 2026, these amounts consist primarily of amounts owed to the College for program expenditures and services performed by outside vendors.

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. Associated distributions of the expendable amounts will occur as 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 and expendable funds, administrative fees assessed on certain restricted contributions, and management fees for endowment funds.

Overall, the financial position of the Foundation for long-term College support continues to be strong. However, unrestricted cash flows should continue to be monitored by management, as unrestricted cash flows help fund operating costs of the Foundation and more than 7.4% of unrestricted cash and cash equivalents are currently designated. 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.

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. Contributions in fiscal year ending June 30, 2026, were $1,859,972 which is an increase of $533,282 over the fiscal year ending June 30, 2025. The majority of this increase in contributions can be attributed to added in-kind support from the College for personnel expenses.

College support includes a provision for the value of office space provided by the College. Beginning July 1, 2025, Great Basin College has supported one hundred percent of the Foundation's administration costs. Special events revenue as well as other department fundraising is administered through the Foundation's recordkeeping system.

Support for the College is shown in Distributions to Great Basin College. These distributions typically include amounts for scholarships and program support. Administrative expenses include the cost of operating the Foundation. The most significant administrative expenses are reflected in college support.

The 2026 Investment Income was significantly higher than FY25. The composition of conservative investments held by NSHE shielded the Foundation from the market volatility seen during the first half of 2026.

Significant Capital Asset and Long-Term Activity

The Foundation had no significant capital asset acquisitions, disposals, or long-term financing activity during the year ended June 30, 2026. The Foundation's operations do not require material amounts of capital assets and the nature of the Foundation's funding does not require external financing.

Currently Known Facts, Decisions, or Conditions

There has been no significant change in Great Basin College Foundation's operations. Great Basin continues to monitor regulatory changes and general economic conditions.

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 Office, at P.O. Box 2056, Elko, Nevada 89803

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Great Basin College Foundation
Elko, Nevada

Report on the Audit of the Financial Statements

Opinion
We have audited the accompanying financial statements of business-type activities of Great Basin College Foundation ("Foundation"), a component unit of Great Basin College, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Great Basin College Foundation, as of June 30, 2026, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Great Basin College Foundation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Great Basin College Foundation's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Great Basin College Foundation's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis on pages 1-5 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the 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 the 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.

Hinkley, Russo & Company, P.C.

Reno, Nevada
September 21, 2026

GREAT BASIN COLLEGE FOUNDATION
STATEMENT OF NET POSITION
JUNE 30, 2026

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	$ 410,478
Cash and cash equivalents, restricted - expendable	1,129,749
Investments	2,044,975
Current portion of contributions receivable, net	29,925
Related party receivable	77,748
Other current assets	7,648
	3,700,523
OTHER ASSETS	
Cash and cash equivalents, restricted - long-term	47,358
Internal investment pool restricted - long-term investments	11,166,550
Restricted long-term investments	75,871
Internal investment pool unrestricted - long-term investments	471,684
Long-term portion of contributions receivable, net	158,337
	11,919,800
	$ 15,620,323

LIABILITIES AND NET POSITION

CURRENT LIABILITIES	
Accounts payable	$ 49,035
Accrued payroll liabilities	46,501
	95,536
DEFERRED INFLOWS OF RESOURCES	
Split-interest agreement	20,853
NET POSITION	
Restricted-nonexpendable	5,457,964
Restricted-expendable, scholarships and other program support	7,965,025
Restricted-expendable, building projects	249,681
Unrestricted	1,831,264
	15,503,934
	$ 15,620,323

See Notes to Financial Statements

GREAT BASIN COLLEGE FOUNDATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2026

OPERATING REVENUES	
Contributions	$ 1,495,130
College support	299,842
	1,794,972
OPERATING EXPENSES	
Distributions to Great Basin College	
Scholarships	1,130,175
Building projects	9,000
Other	234,837
Administrative expenses	398,094
Total operating expenses	1,772,106
Operating income	22,866
NON-OPERATING REVENUES AND EXPENSES	
Investment income	1,894,901
Investment fees	(37,763)
Additions to permanent endowments	65,000
Total non-operating revenues and expenses	1,922,138
CHANGE IN NET POSITION	1,945,004
NET POSITION, BEGINNING OF YEAR	13,558,930
NET POSITION, END OF YEAR	$ 15,503,934

See Notes to Financial Statements

GREAT BASIN COLLEGE FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING JUNE 30, 2026

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from contributions	$ 1,751,831
Payments to Great Basin College for employees	(288,442)
Payments to vendors for goods and services	(92,745)
Distributions to Great Basin College	(1,336,463)
Net cash provided by operating activities	34,181
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Gifts for endowment purposes	65,000
Net cash provided by financing activities	65,000
CASH FLOWS FROM INVESTING ACTIVITIES	
Net change in investments	(805,229)
Payments for restricted program expenses (investment fees)	37,763
Net cash used in investing activities	(767,466)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(668,285)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,255,870
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,587,585
SUMMARY OF CASH ACCOUNTS	
Cash and cash equivalents	$ 410,478
Cash and cash equivalents, restricted-expendable	1,129,749
Cash and cash equivalents, restricted long-term	47,358
	$ 1,587,585

See Notes to Financial Statements

GREAT BASIN COLLEGE FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING JUNE 30, 2026

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$	22,866
Adjustments to reconcile changes in net position to net cash provided by operating activities:		
Change in pledges receivable discount		(544)
Changes in operating assets and liabilities:		
Decrease in pledges receivable		30,000
Decrease in related party receivable		(72,597)
Increase in other current assets		3,584
Decrease in accounts payable		37,549
Decrease in accrued payroll liabilities		13,323
Net cash provided by operating activities	$	34,181

See Notes to Financial Statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Great Basin College Foundation ("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 ("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 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 eight 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unrestricted net position includes amounts held by the Foundation that are not restricted by donors. 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 promises to give are recognized as revenue when they are received or unconditionally promised. 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. Collectability of contributions receivable is generally determined at the time they are recorded. No provision for uncollectible contributions has been deemed necessary.

Cash and Cash Equivalents

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

Investments

Investments are stated at fair value and realized and unrealized gains and losses are included in investment income in the statement of revenues, expenses, and changes in net position. Fair value of Foundation investments is determined from quoted market prices. The majority of the restricted long-term investments are held by NSHE in their pooled endowment funds.

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.

Donated Assets and Services

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Income Taxes

The Foundation is a nonprofit organization exempt from federal income taxes under Internal Revenue Code section 501(c)(3). The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the Internal Revenue Service. Accordingly, no liability for Federal income taxes has been provided in the financial statements.

The Foundation believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred. The Foundation's Form 990s are no longer subject to tax examination for years ended prior to 2023.

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 administrative and management fees that are internally charged and offset related management fee expenses. Foundation operating expenses are those costs associated with donor cultivation and stewardship, and general administration of Foundation activities. Restricted program expenses are those that relate directly to individual restricted funds, such as broker investment fees and expenses related to restricted property.

Revenues and expenses are classified as non-operating if they fall under the categories mandated by GASB Statement No. 103, investment income and net appreciation or depreciation in fair value, contributions to permanent and term endowments, and financing-related costs. In accordance with GASB standards, pledges receivable are recorded at net present value using the appropriate discount rate.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

NOTE 2. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Cash and cash equivalents are stated at cost, which approximates market, and consists of cash which is covered by the FDIC. Of the cash and cash equivalents balance, $799,126 was not insured by FDIC. 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.

The Foundation is a participant in an internal investment pool managed by the NSHE. The internal investment pool's participants include other colleges within the NSHE system. Due to the nature of the internal investment pool, it is not possible to separately identify any specific investment as being that of the Foundation. The endowment fund investments held by NSHE are pooled on a unit market value basis. Each individual endowment fund acquires or disposes of units on the basis of the market value per unit on the preceding quarterly valuation date. The NSHE Board of Regents policies include the Statement of Investment Objectives and Policies for the Endowment Funds. The Board of Regents are responsible for establishing guidelines for the investments and they have established permitted asset classes and ranges.

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. NSHE's policy for reducing its exposure to interest rate risk is to have an average investment life of at least two years for fixed income securities. With regard to trusts included in endowment investments, the NSHE System is not the trustee of these investments and therefore, it currently has no policies with regard to the interest rate risk for these investments.

NOTE 2. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Credit Risk – The Foundation's investment policy provides for a target asset allocation of 35% to fixed income instruments. NSHEs maintains a weighted average credit rating of AA or better, and never below A, for investments with credit risk within the internal investment endowment pool. With regard to the trusts in the internal investment endowment pool, NSHE is not the trustee of these investments, and therefore, it currently has no policies with regard to credit risk for these investments.

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 maximum payout is a maximum of 4.5% for participating accounts, which includes a 1.5% management fee assessed by the Foundation to cover administrative costs associated with managing the pool. The maximum payout is calculated using an average unit market value for the previous twenty (20) calendar quarters. 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. NSHE does not have a policy with regard to custodial credit risk.

Concentration of Credit Risk – NSHE held internal investment pool has a policy for reducing its exposure to concentration of credit risk by limiting its investments with any one issuer to a maximum of 5% of the fixed income portfolio, provided that issues of the U.S. Government or agencies of the U.S. Government may be held without limitation and provided further that issues of agencies of the U.S. Government shall be limited to the extent set forth in the manager-specific guidelines. NSHE does not have a specific policy for the remainder of the endowment pool. There were no investments within any one issuer in an amount that would constitute a concentration of credit risk to NSHE.

NOTE 3. FAIR VALUE MEASUREMENTS

Statement No. 72 of the 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.

NOTE 3. FAIR VALUE MEASUREMENTS

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 Foundation's 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.

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 different fair value measurements 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 are as follows:

	Total	Level 1	Level 2	Level 3
Corporate bonds	$ 75,870	$ 75,870	$ -	$ -
Certificate of deposit	1,045,530	1,045,530	-	-
Internal investment pool	12,618,327	-	-	12,618,327
Split-interest agreement	19,353	-	-	19,353
	$13,759,080	$1,121,400	$ -	$12,637,680

NOTE 4. SPLIT-INTEREST AGREEMENT

The Foundation has recorded as a future gift a charitable annuity for which the Foundation has irrevocable beneficiary interest but does not serve as the trustee. The present value of the estimated future benefits to be received when the asset is distributed is recorded as an asset. Changes in the present value are recorded as an increase or decrease in the related deferred inflow of resources. The discount rate used to estimate future benefits to be received by the Foundation was 4.7% based on the life expectancy of the donor at the date of donation.

NOTE 5. CONTRIBUTIONS RECEIVABLE

Contributions receivable for unrestricted and expendable restricted funds are recorded when the receivable amount is determined to be unconditional. Contributions are adjusted to present value based upon collection date in the accompanying financial statements. Pledges receivable expected to be received after one year are discounted based on the year promised at a 0.25% rate. Contributions for additions to endowment accounts are recorded when payments are received. The Foundation anticipates collection of substantially all contributions receivable, therefore no provision for uncollectible receivables has been made.

Receivable in less than one year	$ 30,000
Receivable in one to five years	150,000
Receivable in more than five years	10,000
	190,000
Less: discount to present value	(1,738)
Contributions receivable, net	$ 188,262
Current portion	$ 29,925
Long-term portion	158,337
Contributions receivable, net	$ 188,262

NOTE 6. ADMINISTRATIVE AND MANAGEMENT FEE

To help cover the costs associated with managing these restricted accounts, the Foundation instituted a maximum allowable management fee of up to 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 drops below the corpus amount of the account. When assessed, the fee is then transferred from the individual restricted account's net position to unrestricted net position. The endowment management fee was assessed totaling $113,498 and offsets the related investment management expenses charged by NSHE.

NOTE 7. ENDOWMENTS

The Foundation holds two pools of endowment accounts. One account 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 totaled $5,457,964.

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. The Foundation adopted a policy that distributions from endowment accounts for program purposes will not exceed 4.5% annually.

Net appreciation (depreciation) in endowment accounts, which totaled $5,831,815, 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. RELATED PARTY TRANSACTIONS

All current liabilities are due to Great Basin College and Nevada System of Higher Education. This balance consisted primarily of reimbursements of various program expenditures.

The College provides office space and associated utility costs, staff support for the Foundation. The Foundation recorded $299,842 as in-kind contributions for these expenses during the year.

The Foundation expended $1,374,012 in cash and in-kind contributions for programs, facilities, and activities of the College.

NOTE 9. 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 10. SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 21, 2026, which is the date these financial statements were available to be issued.

NOTE 11. ADOPTION OF ACCOUNTING PRONOUNCEMENT

During the fiscal year ending June 30, 2026, the Foundation adopted GASB Statement No. 103, *Financial Reporting Model Improvements*, which introduced updated presentation and disclosure requirements for financial reporting. The adoption of this statement modifies the requirements related to Management's Discussion and Analysis and certain other financial reporting requirements. The implementation of this Statement had no impact on the total change in net position of the Foundation.