

**TRUCKEE MEADOWS COMMUNITY COLLEGE FOUNDATION**

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**AUDITED FINANCIAL STATEMENTS**

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JUNE 30, 2021

TRUCKEE MEADOWS COMMUNITY COLLEGE FOUNDATION  
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JUNE 30, 2021

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Truckee Meadows Community College Foundation

We have audited the accompanying statement of net position of Truckee Meadows Community College Foundation (a nonprofit organization), a component unit of Truckee Meadows Community College, as of June 30, 2021, and the related statements of support, revenue, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

### **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 fair preparation and fair presentation of 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 audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks 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 Truckee Meadows Community College Foundation as of June 30, 2021, and the changes in its net position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

**INDEPENDENT AUDITOR'S REPORT  
CONTINUED**

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**Other Matters (Continued)**

*Required Supplementary Information (Continued)*

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.

Management has omitted the budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

*Report on Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information included on page 16 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Report on 2020 Summarized Comparative Information*

We have previously audited the Truckee Meadows Community College Foundation's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 9, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Parsons & Co., LTD.*

Reno, Nevada  
September 28, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

TRUCKEE MEADOWS COMMUNITY COLLEGE FOUNDATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021

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This section of Truckee Meadows Community College Foundation (Foundation) annual financial statements presents management's discussion and analysis of the Foundation's financial activity during the fiscal year that ended on June 30, 2021. The purpose of this section is to assist the reader in understanding significant financial issues that occurred during the year. Since this discussion provides summary level financial information, it should be read in conjunction with the Foundation's financial statements and accompanying footnotes, which follow this section.

**Reporting Entity**

The Truckee Meadows Community College Foundation is a nonprofit corporation whose mission is to solicit, receive and manage gift revenues for the benefit of Truckee Meadows Community College (College). In this capacity, the Foundation is considered to be a component unit of the College and Nevada System of Higher Education and is included in their financial statements. These financial statements report only the financial position and activities and Foundation. Transactions with the College relate primarily to the disbursement of gift funds to the College and the in-kind contributions from the College for the Foundation's administration.

**Financial Statements**

The basic financial statements of the Foundation are the Statement of Net Position, Statement of Support, Revenue, Expenses, and Changes in Net Position, the Statement of Cash Flows, and the notes to the financial statements. The Statement of Net Position includes all assets, deferred outflows, liabilities, deferred inflows, and net position. It is prepared under the accrual basis of accounting, regardless of when cash is exchanged. The Statement of Support, Revenue, Expenses, and Changes in Net Position presents the revenues earned and expenses incurred during the year. The Statement of Cash Flows presents information related to cash inflow and outflow resulting from the Foundation's operating activities, investing activities and capital and non-capital financing activities for the year ended June 30, 2021.

**Statement of Net Position**

This statement is presented with three major categories, namely assets, liabilities, and net position. The Foundation does not have amounts that meet the criteria of deferred outflows or deferred inflows of resources. The assets are classified between current and non-current assets. The current assets include cash and cash equivalents, short-term investments, accounts receivable, promises to give and interfund receivables. The non-current assets include long-term promises to give and endowment investments.

Current liabilities represent obligations due within one year. The Foundation has no long-term debt.

The following is a summary of the statements of net position for the fiscal years ended June 30:

Condensed Statements of Net Position  
June 30, 2021 and 2020

	2021	2020	Change	% Change
<b>Assets</b>				
Current assets	\$ 3,758,114	\$ 2,661,395	\$ 1,096,719	41%
Non-current assets	713,209	626,200	87,009	14%
Total assets	<u>\$ 4,471,323</u>	<u>\$ 3,287,595</u>	<u>1,183,728</u>	<u>36%</u>
<b>Liabilities</b>				
Current liabilities	<u>\$ 178,566</u>	<u>\$ 89,911</u>	<u>\$ 88,655</u>	<u>99%</u>
<b>Net Position</b>				
Restricted - nonexpendable	3,696,548	2,631,803	1,064,745	40%
Unrestricted	596,209	565,881	30,328	5%
	<u>4,292,757</u>	<u>3,197,684</u>	<u>1,095,073</u>	<u>34%</u>
	<u>\$ 4,471,323</u>	<u>\$ 3,287,595</u>	<u>\$ 1,183,728</u>	<u>36%</u>

TRUCKEE MEADOWS COMMUNITY COLLEGE FOUNDATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021

**Statement of Net Position (Continued)**

Total assets increased due primarily to scholarship support and the progress of major gift campaigns. Liabilities increased for the amount due to the College for program service expenses incurred prior to year-end. Net position increased for the year primarily because of large restricted gifts for chemistry laboratory renovations, Applied Technology programs, and scholarship funds. The amounts included in pledges receivable include only documented formal pledges and actual amounts received

**Statement of Support, Revenue, Expenses, and Changes in Net Position**

The statement of support, revenue, expenses and changes in net position reflects the results of operations for the fiscal year. The statement is broken down into three categories: Operating revenues, operating expenses, and investment income (loss).

Following is a summary of the operating results for the fiscal years ended June 30:

Condensed Statements of Support, Revenue, Expenses and Changes in Net Position  
For the Years Ended June 30, 2021 and 2020

	2021	2020	Change	% Change
Operating support and revenue				
Unrestricted contributions	\$ 13,348	\$ 10,996	\$ 2,352	21%
College support	223,411	201,311	22,100	11%
Scholarships and endowments	810,124	609,431	200,693	33%
College programs	2,148,025	1,449,350	698,675	48%
Management fees	120,655	116,645	4,010	3%
Other	8,366	-	8,366	n/a
	<u>3,323,929</u>	<u>2,387,733</u>	<u>936,196</u>	<u>39%</u>
Operating expenses				
Program expenses				
Scholarships and endowments	988,808	827,313	161,495	20%
College programs	1,035,071	2,932,954	(1,897,883)	-65%
Total program expenses	<u>2,023,879</u>	<u>3,760,267</u>	<u>(1,736,388)</u>	<u>-46%</u>
Administrative and fundraising	<u>334,183</u>	<u>300,941</u>	<u>33,242</u>	<u>11%</u>
Total operating expenses	<u>2,358,062</u>	<u>4,061,208</u>	<u>(1,703,146)</u>	<u>-42%</u>
Operating income (loss)	965,867	(1,673,475)	2,639,342	158%
Non- operating income (loss)				
Investment income (loss)	<u>129,206</u>	<u>79,939</u>	<u>49,267</u>	<u>62%</u>
Total non-operating income (loss)	<u>129,206</u>	<u>79,939</u>	<u>49,267</u>	<u>62%</u>
Change in net position	<u>\$ 1,095,073</u>	<u>\$(1,593,536)</u>	<u>\$ 2,688,609</u>	<u>-169%</u>

The change in operating income increased \$2,688,609 from \$(1,593,536) to \$1,095,073 due primarily to the receipt of large contributions for current and future major programs as outlined in the strategic plan. The Foundation accepts gifts by bequest but planned giving amounts cannot be reasonably determined as to amount or future date of receipt and, therefore, such amounts are not reflected in the accompanying financial statements.

TRUCKEE MEADOWS COMMUNITY COLLEGE FOUNDATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021

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**Statement of Cash Flows**

The statement of cash flows is used to determine the Foundation's ability to meet its obligations, and to determine if external financing is needed. It is presented using the direct method with four classifications: operating activities, non-capital financing activities, capital and related financing activities and investing activities. The Foundation only used cash for operating activities and investing activities during the years ended June 30, 2021 and 2020.

The following is a summary of cash flows for the years ended June 30:

Condensed Statements of Cash Flows  
For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Net cash provided by (used in):		
Operating activities	\$ 1,137,015	\$(1,546,174)
Investing activities	<u>(429,070)</u>	<u>46,935</u>
Net increase (decrease) in cash and cash equivalents	707,945	(1,499,239)
Cash and cash equivalents - beginning of year	<u>2,214,003</u>	<u>3,713,242</u>
Cash and cash equivalents - end of year	<u>\$ 2,921,948</u>	<u>\$ 2,214,003</u>

**Long-Term Obligations**

The Foundation does not have any long-term debt obligations nor expects to incur any in the foreseeable future.

**Factors Impacting Future Periods**

Over the past year, the TMCC Foundation increased its outreach to the community through donor solicitations and corporate and private Foundation proposals.

Key accomplishments include:

The Sports and Fitness Center opened on the Dandini Campus in spring 2020 with a fundraising campaign resulting in the naming of the Gym for former Athletics Director, Joe Ayarbe, and the Strength and Conditioning Room after former TMCC President, Dr. Maria Sheehan.

Scholarship awarding reached another record for the 2020-21 academic year. The Foundation awarded \$962,214 in scholarship awards to 679 students. Scholarship funding is obtained through annual gifts, multi-year commitments and interest from endowments.

Renovations are all part of TMCC's strategic plan to provide education programs and practical training to support students' entry into high quality jobs throughout Northern Nevada. In December 2020, a \$1.14M gift was received to renovate existing chemistry labs and add an additional two chemistry labs on the Dandini Campus that will be completed in fall 2021.

During FY 21, the Foundation continued to respond to the COVID-19 pandemic by modifying operations for the safety of students and employees. TMCC continued remote operations for much of the fiscal year with many Foundation and Grants staff working remotely, which was very productive and efficient. We are continuously monitoring the effect of the pandemic on investments, liquidity, and the needs of the College.

TRUCKEE MEADOWS COMMUNITY COLLEGE FOUNDATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021

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**Factors Impacting Future Periods (Continued)**

It is the Foundation's intent to build upon our levels of support to the College from year to year for scholarships, ongoing College programs and capital projects. The Foundation continues to seek growth in its endowment. The endowment program will have a far-reaching long-term impact on the financial stability of the Foundation and its ability to help provide resources to promote and expand TMCC programs.

**Requests for Information**

This report is designed to provide a general overview of the Truckee Meadows Community College Foundation's finances for all interested parties. For additional information or questions concerning the information contained in this report, please call the Foundation Office at 775-674-7648.

TRUCKEE MEADOWS COMMUNITY COLLEGE FOUNDATION  
STATEMENT OF NET POSITION  
JUNE 30, 2021  
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2020)

	2021				2020
	Unrestricted	Restricted	Endowment	Total	Total (Memorandum Only)
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash	\$ 572,561	\$ 2,325,179	\$ 24,208	\$ 2,921,948	\$ 2,214,003
Short-term investments	-	749,808	-	749,808	264,900
Accounts receivable	30,008	-	-	30,008	27,994
Promises to give	-	37,387	-	37,387	65,837
Due from endowment fund	-	18,963	-	18,963	88,661
Total current assets	602,569	3,131,337	24,208	3,758,114	2,661,395
<b>OTHER ASSETS</b>					
Promises to give, net of current portion	-	30,000	-	30,000	20,000
Investments	-	-	683,209	683,209	606,200
Total assets	<u>\$ 602,569</u>	<u>\$ 3,161,337</u>	<u>\$ 707,417</u>	<u>\$ 4,471,323</u>	<u>\$ 3,287,595</u>
<b>LIABILITIES AND NET POSITION</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable	\$ 6,360	\$ -	\$ -	\$ 6,360	\$ 1,250
Due to college	-	153,243	-	153,243	-
Due to restricted fund	-	-	18,963	18,963	88,661
Total current liabilities/ Total liabilities	6,360	153,243	18,963	178,566	89,911
<b>NET POSITION</b>					
Restricted - nonexpendable	-	3,008,094	688,454	3,696,548	2,631,803
Unrestricted	596,209	-	-	596,209	565,881
Total net position	596,209	3,008,094	688,454	4,292,757	3,197,684
Total liabilities and net position	<u>\$ 602,569</u>	<u>\$ 3,161,337</u>	<u>\$ 707,417</u>	<u>\$ 4,471,323</u>	<u>\$ 3,287,595</u>

See accompanying notes.

TRUCKEE MEADOWS COMMUNITY COLLEGE FOUNDATION  
STATEMENT OF SUPPORT, REVENUE, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2021  
(WITH COMPARATIVE TOTAL FOR THE YEAR ENDED JUNE 30, 2020)

	2021				2020
	Unrestricted	Restricted	Endowment	Total	Total (Memorandum Only)
<b>OPERATING SUPPORT AND REVENUE</b>					
Contributions					
Scholarships and endowments	\$ -	\$ 810,124	\$ -	\$ 810,124	\$ 609,431
College programs	40,434	2,061,979	-	2,102,413	1,338,212
Other contributions	13,348	-	-	13,348	10,996
College support	223,411	-	-	223,411	201,311
In-kind contributions	-	45,612	-	45,612	111,138
Management fees	120,655	-	-	120,655	116,645
Insurance reimbursement	8,366	-	-	8,366	-
Total operating support and revenue	406,214	2,917,715	-	3,323,929	2,387,733
<b>OPERATING EXPENSES</b>					
Program services					
Scholarships and endowments	-	988,808	-	988,808	827,313
College programs	45,414	989,657	-	1,035,071	2,932,954
Total program services expenses	45,414	1,978,465	-	2,023,879	3,760,267
Supporting services					
Administrative	196,563	-	-	196,563	179,047
Fund raising	137,620	-	-	137,620	121,894
Total supporting services expenses	334,183	-	-	334,183	300,941
Total operating expenses	379,597	1,978,465	-	2,358,062	4,061,208
Operating income (loss)	26,617	939,250	-	965,867	(1,673,475)
<b>INVESTMENT INCOME (LOSS)</b>	3,711	15,380	110,115	129,206	79,939
<b>CHANGE IN NET POSITION</b>	30,328	954,630	110,115	1,095,073	(1,593,536)
<b>NET POSITION, beginning of year</b>	565,881	2,053,464	578,339	3,197,684	4,791,220
<b>NET POSITION, end of year</b>	\$ 596,209	\$ 3,008,094	\$ 688,454	\$ 4,292,757	\$ 3,197,684

See accompanying notes.

TRUCKEE MEADOWS COMMUNITY COLLEGE FOUNDATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2021  
(WITH COMPARATIVE TOTAL FOR THE YEAR ENDED JUNE 30, 2020)

	2021				2020
	Unrestricted	Restricted	Endowment	Total	Total (Memorandum Only)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Donor contributions	\$ 53,782	\$ 2,886,912	\$ -	\$ 2,940,694	\$ 2,084,220
Management fees	118,641	-	-	118,641	117,119
Insurance reimbursement	8,366	-	-	8,366	-
Cash paid to the College	(45,414)	(1,779,610)	-	(1,825,024)	(3,649,129)
Cash paid to suppliers	(105,662)	-	-	(105,662)	(98,384)
Net cash flows from operating activities	<u>29,713</u>	<u>1,107,302</u>	<u>-</u>	<u>1,137,015</u>	<u>(1,546,174)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Sale of investments	264,900	-	36,747	301,647	294,551
Investment income	3,711	-	15,322	19,033	54,957
Purchase of investments	-	(749,750)	-	(749,750)	(302,573)
Fund transfers	-	88,661	(88,661)	-	-
Net cash flows from investing activities	<u>268,611</u>	<u>(661,089)</u>	<u>(36,592)</u>	<u>(429,070)</u>	<u>46,935</u>
Net change in cash and cash equivalents	298,324	446,213	(36,592)	707,945	(1,499,239)
<b>CASH, beginning of year</b>	<u>274,237</u>	<u>1,878,966</u>	<u>60,800</u>	<u>2,214,003</u>	<u>3,713,242</u>
<b>CASH, end of year</b>	<u>\$ 572,561</u>	<u>\$ 2,325,179</u>	<u>\$ 24,208</u>	<u>\$ 2,921,948</u>	<u>\$ 2,214,003</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:					
Operating income (loss)	\$ 26,617	\$ 939,250	\$ -	965,867	\$ (1,673,475)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:					
(Increase) decrease in Accounts receivable	(2,014)	-	-	(2,014)	969
Promises to give	-	18,450	-	18,450	155,873
Due from endowment fund	-	(3,641)	-	(3,641)	(30,788)
Increase (decrease) in Accounts payable	5,110	-	-	5,110	1,247
Due to college	-	153,243	-	153,243	-
Net cash flows from operating activities	<u>\$ 29,713</u>	<u>\$ 1,107,302</u>	<u>\$ -</u>	<u>\$ 1,137,015</u>	<u>\$ (1,546,174)</u>
<b>NON-CASH INVESTING ACTIVITIES</b>					
Net realized and unrealized gain (loss)	<u>\$ -</u>	<u>\$ 58</u>	<u>\$ 110,115</u>	<u>\$ 110,173</u>	<u>\$ 24,580</u>

See accompanying notes.

TRUCKEE MEADOWS COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Truckee Meadows Community College Foundation (the "Foundation") is a nonprofit corporation incorporated in the State of Nevada on December 9, 1982. The purpose of the Foundation is to solicit, receive and manage funds for the benefit of the Truckee Meadows Community College (the "College") and its affiliates, which are exempt from federal income taxation. The contributors to the Foundation are located primarily in northern Nevada.

To accomplish this purpose, the funds received by the Foundation are used to aid, support, and assist in the maintenance, promotion, growth and improvement of the College, its affiliates, faculty, staff, students and facilities.

A summary of the Foundation's significant accounting policies applied in preparation of the accompanying financial statements follows.

Reporting Entity and Basis of Accounting

The Foundation is a component unit of the Nevada System of Higher Education and prepares its financial statements 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 financial reporting principles. GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, requires the Foundation to apply all applicable GASB pronouncements and, unless they conflict with or contradict GASB pronouncements, all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989. Accordingly, the Foundation has not applied FASB pronouncements issued after that date.

Since the Foundation's funds are considered to be enterprise funds for financial reporting purposes, the Foundation follows the accrual basis of accounting, wherein revenues are recorded as earned and expenses are recorded as incurred.

Basis of Presentation

Equity is classified as net position and displayed in the three following components, as applicable:

- Net invested in capital assets – consists of capital assets, net of accumulated depreciation and any related debt. The Foundation does not have any capital assets at June 30, 2021 and 2020.
- Restricted net position – consists of net position with constraints placed on its use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net position – net position that is neither classified as "invested in capital assets" nor as "restricted."

The Foundation also utilizes the following fund groups to segregate its activities based upon the following:

Unrestricted Funds – Represents funds that are not restricted and are available for the general operations and programs of the Foundation.

Restricted Funds – Represents funds that are restricted as to use or time by the donor and may be utilized only in accordance with purposes established by such donors.

Endowment Funds – Represents funds that are subject to restrictions of gift instruments requiring that the principal be invested and only the income be utilized for their established purposes.

TRUCKEE MEADOWS COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

The Foundation receives many gifts that are restricted by the donors for various endowments. When an endowment reaches a minimum level of \$5,000 and is approved by the Board of Regents, the funds are transferred to the pooled endowment funds maintained by the Nevada System of Higher Education (NSHE) for the benefit of Truckee Meadows Community College. Once transferred, the endowment funds are no longer reflected in the Foundation's financial statements and are subject to NSHE's investment policies.

The endowment fund reflected in the Foundation's financial statements is comprised of cash and stock, which was gifted to the Foundation with the intent that it not be transferred to the pooled endowment funds maintained by NSHE. The management of the Foundation's endowment fund is subject to Nevada law (NRS 164.640). Unless specifically required to maintain a donated instrument, the Foundation has interpreted the state law as allowing it to use any of the investment returns as is prudent considering the Foundation's long and short-term needs, expected total return on its investments, price level trends and general economic conditions. There are explicit donor stipulations that require the Foundation to maintain the investment intact. At such time as it is no longer a productive investment, and upon approval by the Foundation Board and the donor's trust, the stock may be sold. Accordingly, all unrealized appreciation and depreciation in the endowment is reflected as permanently restricted and is not available for distribution. However, the dividends earned on the stock are available for specifically designated scholarship and programmatic purposes. Annually, the dividends earned are allocated to the scholarship funds for the Nursing, Biology, Fire Science, and Pulmonary programs or capital campaigns based upon the donor specifications. Any unallocated earnings are maintained for future designations.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid debt instruments purchased with original maturities of three months or less to be cash equivalents.

Investments and Concentration of Credit Risk

Investments consist of certificates of deposit, U.S. treasury bills, and common stock in a public company. The investments are stated at fair value based on quoted market values. Interest income and realized and unrealized gains and losses are reflected in the statement of support, revenue, and expenses. The common stock investment included in the accompanying balance sheet represents donated instruments and the Foundation is required to maintain the investment intact.

The common stock investments are held in the name of the Foundation and are uninsured thereby subject to custodial credit risk. The Foundation does not currently have an investment policy related to custodial credit risk. The certificates of deposit are insured by the FDIC up to \$250,000 at each institution and the U.S. treasury bills are insured by the full faith and credit of the United States Government. Investments are categorized as current assets if they can be liquidated at any time or are scheduled to mature within one-year.

Recognition of Support and Revenue

Donations and gifts received are generally recognized as income in the period in which they are pledged or received, all eligibility requirements are met, the resources are measurable and the collection is probable. Contributions are reflected as restricted or unrestricted net position based upon the existence or absence of donor restrictions.

Accounts receivable represent amounts owed to the Foundation for quarterly management fees from the System of Higher Education and other miscellaneous receivables.

Pledges receivable consist of amounts pledged to the Foundation for specific campaigns and are reflected as restricted contributions until actually received and used for their intended purpose. Amounts are reflected as current and noncurrent assets based upon the terms of the pledges.

TRUCKEE MEADOWS COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recognition of Support and Revenue (Continued)

The allowance for doubtful accounts is based upon management's estimation of collectability and payment histories. Accounts receivable and promises to give at June 30, 2021 and 2020 are considered fully collectible. Accordingly, no allowance for doubtful accounts is included in the accompanying financial statements.

Donated Assets, Services and Related Party Transactions

Donated assets are reflected as contributions at their estimated value at the date of donation.

The Foundation recognizes the donation of services only if the services received (a) would be performed by salaried personnel if not contributed; (b) are controlled similarly to employment; and (c) have a clearly measurable basis. The value of the donated services provided by the College for Foundation personnel is reflected in the accompanying financial statements for the years ended June 30, 2021 and 2020 in the amount of \$209,525 and \$187,361, respectively.

The members of the Board of Trustees donate their services to the Foundation. The financial statements do not reflect the value of these services, as there is no objective basis by which to measure their value.

The College donates the use of the facilities and utilities used by the Foundation. No formal lease agreement exists between the College and the Foundation. The value of the donated facilities and utilities is recorded at fair market value and is reflected in the accompanying financial statements in the amount of \$13,886 and \$13,950 for the years ended June 30, 2021 and 2020, respectively.

Other in-kind donations totaling \$45,612 and \$111,138 for the years ended June 23, 2021 and 2020, respectively, include various materials and supplies for the use of College programs and the Foundation's operations. Such amounts are included in support and program expenses in the accompanying financial statements.

Income Taxes

The Foundation is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). Accordingly, no provision for income taxes has been made. The Internal Revenue Service classifies the Foundation as an organization other than a private foundation. The Foundation has not engaged in activities that result in unrelated business income tax.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Memorandum Only – Total Columns

Total columns in the financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, changes in net position or cash flows in conformity with generally accepted accounting principles as applied to governmental units. Accordingly, such information should be read in conjunction with the Foundation's basic financial statements for the year ended June 30, 2020 from which the summarized information was derived.

NOTE 2 - CONCENTRATION OF CASH AND INVESTMENTS

The Foundation maintains its cash accounts in commercial banks, a federal credit union, and brokerage firms in Reno, Nevada. The demand deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) or National Credit Union Administration up to \$250,000 at each institution. The brokerage accounts are insured by the Securities Investor Protection Corporation (SIPC) up to \$100,000 in

TRUCKEE MEADOWS COMMUNITY COLLEGE FOUNDATION  
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NOTE 2 - CONCENTRATION OF CASH AND INVESTMENTS (CONTINUED)

cash. Excess cash balances are uninsured and uncollateralized and are thereby exposed to custodial credit risk. From time to time bank balances may exceed federally insured limits. At June 30, 2021, the Foundation had uninsured excess cash of \$2,433,553.

At June 30, 2021, the balance of the certificates of deposit did not exceed the insurance limits. The corporate stocks valued at \$683,209 are uninsured and uncollateralized and are thereby exposed to custodial credit risk.

The fair value of investments is \$683,209 and \$606,200 at June 30, 2021 and 2020, respectively. Such investments in publicly traded corporate stocks and mutual funds are maintained in accordance with donor requirements and are reflected in the endowment fund at June 30, 2021 and 2020.

The cumulative net appreciation (fair value in excess of costs) of endowment fund investments at June 30, 2021 and 2020 is \$506,709 and \$429,699, respectively.

Investment Risk Factors

There are many factors that can affect the fair value of investments. Some factors, such as credit risk and concentrations of credit risk may affect fixed income securities, which are particularly sensitive to credit risks and changes in interest rates. The Foundation has certificates of deposit totaling \$373,864 and fixed income securities totaling \$376,943 at June 30, 2021. The certificates of deposit and fixed income securities mature at various dates through June 29, 2022 and accrue interest at rates less than of 1% annually.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the Foundation will not be able to recover the value of its investments that are in the possession of an outside party. Investments in mutual funds and equity securities are uncollateralized.

NOTE 3 - PLEDGES RECEIVABLE

Pledges receivable represent unconditional promises to give and are designated for the following activities and periods:

		2021		
		Scholarships and Endowments	College Programs	Total
	Year ended June 30:			
	2022	\$ 15,000	\$ 22,387	\$ 37,387
	2023	10,000	20,000	30,000
		\$ 25,000	\$ 42,387	\$ 67,387
		2020		
		Scholarships and Endowments	College Programs	Total
	Year ended June 30:			
	2021	\$ 10,500	\$ 55,337	\$ 65,837
	2022	10,000	-	10,000
	2023	10,000	-	10,000
		\$ 30,500	\$ 55,337	\$ 85,837

TRUCKEE MEADOWS COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 4 – INVESTMENTS AND FAIR VALUE

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. Level 3 inputs would be used only when Level 1 or Level 2 inputs are not available. The Foundation has no investments that are valued using the Level 3 inputs. Following is a description of the inputs used for fair value measurements:

**Level 1** - The fair values of common stocks and mutual funds are based on unadjusted quoted prices in active markets for identical assets or liabilities that can be accessed at the measurement date.

**Level 2** - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3** – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

	2021		
	Level 1	Level 2	Total
Common stocks	\$ 683,209	\$ -	\$ 683,209
U.S. treasury bills	-	375,944	375,944
Time certificates of deposit	-	373,864	373,864
	\$ 683,209	\$ 749,808	\$ 1,433,017

	2020		
	Level 1	Level 2	Total
Common stocks	\$ 572,977	\$ -	\$ 572,977
Mutual funds	33,223	-	33,223
Time certificates of deposit	-	264,900	264,900
	\$ 606,200	\$ 264,900	\$ 871,100

Investment income consists of the following for the years ended June 30:

	2021	2020
Interest and dividends	\$ 19,033	\$ 55,359
Unrealized gain (loss)	110,173	24,580
	\$ 129,206	\$ 79,939

TRUCKEE MEADOWS COMMUNITY COLLEGE FOUNDATION  
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NOTE 5 – SUBSEQUENT EVENTS

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. The duration and impact of the COVID-19 pandemic remains unclear. At this time it is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position, results of operations or cash flows to the Foundation for future periods.

Management has evaluated subsequent events through September 28, 2021, the date on which the financial statements were available for issue and identified no further significant events or transactions to disclose.

SUPPLEMENTARY INFORMATION

SCHEDULE OF ADMINISTRATIVE AND FUND RAISING EXPENSES - UNRESTRICTED FUND  
 FOR THE YEAR ENDED JUNE 30, 2021  
 (WITH COMPARATIVE TOTAL FOR THE YEAR ENDED JUNE 30, 2020)

	2021			2020
	Supporting Services			Total
	Administrative	Fund Raising	Total	(Memorandum Only)
College in-kind contributions				
Salaries and related fringe benefits	\$ 119,627	\$ 89,898	\$ 209,525	\$ 187,361
Occupancy	7,929	5,957	13,886	13,950
Staffing	-	35,000	35,000	35,000
Audit and accounting	26,500	-	26,500	25,260
Bank fees	1,362	1,970	3,332	3,678
Host expenses and event sponsorships	-	4,795	4,795	9,552
Computer services and software	32,776	-	32,776	26,140
Miscellaneous Expenses	8,369	-	8,369	0.00
Total administrative and fund raising expenses	<u>\$ 196,563</u>	<u>\$ 137,620</u>	<u>\$ 334,183</u>	<u>\$ 300,941</u>

See accompanying notes.



September 28, 2021

Board of Directors  
Truckee Meadows Community College Foundation  
7000 Dandini Boulevard, RDMT 200-I  
Reno, NV 89512-3999

We have audited the financial statements of Truckee Meadows Community College Foundation (the “Foundation”) for the year ended June 30, 2021, and have issued our report thereon, dated September 28, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 21, 2021. Professional standards also require that we communicate to you the following information related to our audit.

### **Qualitative Aspects of the Entity’s Significant Accounting Practices**

#### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Foundation is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year end June 30, 2021. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

#### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management’s current judgments.

The most sensitive estimates affecting the financial statements were:

- The fair value of investment based upon quoted market prices and broker statement;
- The collectability of promises to give based upon subsequent collections and donor payment histories;
- The valuation of in-kind contributions based on informal appraisals of goods and services.

We evaluated the key factors and assumptions used to develop accounting estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

We considered matters involved, and related judgement made, in formulating particular sensitive financial statement disclosures and believe they are presented with overall neutrality, consistency, and clarity.

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Management has corrected all identified misstatements

**Uncorrected and Corrected Misstatements (Continued)**

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. A schedule summarizing the material misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management has been attached.

**Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Foundation's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

**Representations Requested from Management**

We have requested certain written representations from management, which are included in the attached letter dated September 28, 2021.

**Management Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

**Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the Foundation, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Foundation's auditors.

This information is intended solely for the use of board of directors and management of the Foundation and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,  
PANGBORN & CO., LTD.



Michel P. Aurnague, CPA  
Shareholder

Client:	32012 - TRUCKEE MEADOWS COMMUNITY COLLEGE FOUNDATION				
Engagement:	06-30-21 - 06-30-21 AUDIT - KC				
Period Ending:	6/30/2021				
Trial Balance:	TB				
Workpaper:	3700.01 - Adjusting Journal Entries Report				
<b>Account</b>	<b>Description</b>	<b>Debit</b>	<b>Credit</b>		
<b>Adjusting Journal Entries</b>					
<b>Adjusting Journal Entries JE # 1</b>					
Record client journal entry deemed trival at client request.					
2010	Accounts Payable	2,950.00			
5000	Accounting fees		2,950.00		
<b>Total</b>		<b>2,950.00</b>	<b>2,950.00</b>		
<b>Adjusting Journal Entries JE # 2</b>					
Record scholarship and capital expenditure payable to college.					
5120	Specialized Programs expenses	153,243.24			
1052	Due to College		153,243.24		
<b>Total</b>		<b>153,243.24</b>	<b>153,243.24</b>		
	<b>Total Adjusting Journal Entries</b>	<b>156,193.24</b>	<b>156,193.24</b>		
	<b>Total All Journal Entries</b>	<b>156,193.24</b>	<b>156,193.24</b>		