

Great Basin College Foundation

Financial Statements

And

Independent Auditor's Report

For the Years Ended

June 30, 2011 (Audited) and 2010 (Reviewed)

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

INDEPENDENT AUDITOR'S REPORT

To Board of Trustees of
Great Basin College Foundation

We have audited the accompanying basic financial statements of Great Basin College Foundation, a component unit of Great Basin College, as of and for the year ended June 30, 2011, which collectively comprise the Foundation's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Great Basin College Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Great Basin College Foundation as of June 30, 2011, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The financial statements for the year ended June 30, 2010, were reviewed by us, and our report thereon, dated August 13, 2010, stated that we were not aware of any material modifications that should be made to those statements for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements taken as a whole.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 2 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Kafoury, Armstrong & Co.

Elko, Nevada
September 7, 2011

Great Basin College Foundation
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended June 30, 2011 (Audited) and 2010 (Reviewed)

Management's Discussion and Analysis

This section of Great Basin College Foundation's (the "Foundation") annual financial report presents our discussion and analysis of the Foundation's financial activity for the years ended June 30, 2011 and 2010. Please read it in conjunction with the accompanying financial statements and related footnotes. Foundation management has prepared these financial statements, footnotes, and discussion and analysis, and is responsible for the completeness and fairness of the information presented.

Reporting Entity

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

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

Financial Highlights

- During the year ending June 30, 2011, the Foundation initiated the planning and preparation phase of a major giving campaign. One area of focus of the campaign will be to expand on the private sector partnerships that already exist in the College's service area. The College is providing cash support to the Foundation for the consulting expenses incurred in conjunction with the campaign.
- During the period ending June 30, 2010, the College began a phased-in approach to assuming the Foundation's staff payroll costs, with all staff payroll costs being assumed by the College effective January 1, 2011. Although these payroll costs are still included as a component of Administrative expenses, the College's contribution of these amounts is included in revenue as College support.
- The Foundation has completed its ***Campaign for Rural Nevada***, a major gift initiative with three components:
 - Renovation of the campus Community Center, a second phase in the development of the student housing initiative, created ***The Paul and Gwen Leonard Center for Student Life***. This project was substantially funded by an unrestricted bequest from Paul and Gwen Leonard, and was completed during the summer of 2010.
 - During the period ending June 30, 2011, the Foundation reached its \$1.5 million goal for the ***Endowment for New Programs***, with total cash and pledges of \$879,000 and board designated funds of over \$621,000.
 - The Foundation remitted the final portion of its \$500,000 commitment for the ***Electrical & Industrial Technology Building*** during the fiscal year ending June 30, 2010.

Great Basin College Foundation
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended June 30, 2011 (Audited) and 2010 (Reviewed)

Overview of the Financial Statements

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

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

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

Condensed Financial Information

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

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

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

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

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

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

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

Great Basin College Foundation
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended June 30, 2011 (Audited) and 2010 (Reviewed)

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

Condensed Statements of Net Assets
June 30, 2011, 2010 and 2009

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Current and other assets	\$ 5,409,204	\$ 4,913,586	\$ 6,328,877
Capital assets	56,048	70,280	51,443
Total Assets	<u>5,465,252</u>	<u>4,983,866</u>	<u>6,380,320</u>
Current liabilities	12,371	172,353	28,654
Total Liabilities	<u>12,371</u>	<u>172,353</u>	<u>28,654</u>
Net assets:			
Restricted:			
Nonexpendable	3,266,400	2,975,703	2,897,962
Expendable	1,176,716	803,701	610,055
Invested in capital assets	56,048	70,280	51,443
Unrestricted	953,717	961,829	2,792,206
Total Net Assets	<u>\$ 5,452,881</u>	<u>\$ 4,811,513</u>	<u>\$ 6,351,666</u>

Current and other assets are primarily comprised of cash and investments. The Foundation has an investment policy for its endowment funds, both the expendable and nonexpendable portions, that provides for an allocation between equities and fixed income instruments. Expendable and unrestricted funds are held primarily in money market accounts and certificates of deposit based on cash flow needs. The decrease from 2009 to 2010 was primarily due to the Foundation's distribution of accumulated funds for renovation of the Leonard Center. The increase in 2011 is primarily associated with an increase in value of marketable securities during the period.

The Foundation relocated its offices during 2009. Associated renovation costs and office furnishings accounted for the increase in *Capital assets* during 2009. In 2010, the Foundation replaced its server.

Foundation liabilities include current amounts due to others that had not been paid at the end of the period. The increase in *Current liabilities* from 2009 to 2010 was attributable to a \$150,000 refundable advance for the Endowment for New Programs. This amount was recognized as a contribution during 2011 when the overall initiative goal of \$1.5 million was reached.

Nonexpendable net assets generally continue to increase as donors make contributions to endowment funds. These resources are generally required to be maintained in perpetuity, and only the income generated by the funds is expendable for the donor's specified purpose.

Expendable net assets rise and fall over time, primarily due to the timing of contributions and the associated distribution of those resources to the College. A substantial portion of the increase in expendable net assets from 2009 to 2010, and from 2010 to 2011 is attributable to market recovery.

Great Basin College Foundation
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended June 30, 2011 (Audited) and 2010 (Reviewed)

Unrestricted net assets represent those funds over which the Foundation has full control. They are generated by unrestricted contributions, investment earnings on all resources except endowments, administrative fees assessed on certain restricted contributions, and management fees for endowment funds. The decline in unrestricted net assets from 2009 to 2010 represents distributions to the College as designated by the Foundation Board of Trustees, primarily for the Leonard Center project in 2010.

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

Condensed Statements of Revenues, Expenses, and Changes in Net Assets
For the Years Ended June 30, 2011, 2010 and 2009

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Operating Revenues			
Contributions	\$ 227,197	\$ 174,344	\$ 266,188
College support	292,704	119,144	72,629
Administrative and management fees	28,673	30,748	24,156
Special events revenue, net	22,625	39,845	43,432
Other operating revenue	5,944	5,660	3,996
Total Operating Revenues	<u>577,143</u>	<u>369,741</u>	<u>410,401</u>
Operating Expenses			
Distributions to Great Basin College	425,026	1,905,545	617,860
Restricted program expenses	53,755	47,816	43,034
Administrative expenses	379,897	381,932	284,776
Total Operating Expenses	<u>858,678</u>	<u>2,335,293</u>	<u>945,670</u>
Operating Income (Loss)	<u>(281,535)</u>	<u>(1,965,552)</u>	<u>(535,269)</u>
Nonoperating Gains (Losses)			
Investment income (loss)	634,736	357,300	(517,389)
Gain (loss) on sale of real property	-	(5,569)	-
Loss on note foreclosure	(2,878)	-	-
Loss on early retirement of assets	(4,040)	-	-
Total Nonoperating Gains (Losses)	<u>627,818</u>	<u>351,731</u>	<u>(517,389)</u>
Income (Loss) before Additions to Endowments	<u>346,283</u>	<u>(1,613,821)</u>	<u>(1,052,658)</u>
Additions to Endowments	<u>295,085</u>	<u>73,668</u>	<u>24,694</u>
Increase (Decrease) in Net Assets	<u>641,368</u>	<u>(1,540,153)</u>	<u>(1,027,964)</u>
Beginning Net Assets	<u>4,811,513</u>	<u>6,351,666</u>	<u>7,379,630</u>
Ending Net Assets	<u>\$ 5,452,881</u>	<u>\$ 4,811,513</u>	<u>\$ 6,351,666</u>

Great Basin College Foundation
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended June 30, 2011 (Audited) and 2010 (Reviewed)

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.

College support includes a provision for the value of office space provided by the College, and for the services of the Executive Director provided by the College. In January 2010, the College began covering one-third of the payroll costs for all Foundation staff. This phased-in plan continued in 2011, with the College assuming two-thirds of Foundation payroll staff costs in the first half of the period, and the full amount effective January 2011. Additionally, during 2011, the College provided support for the payment of the Foundation's major gifts consultant.

Administrative and management fees include two components.

- An administrative fee of 10% may be assessed on certain restricted contributions to cover Foundation overhead costs. These fees have been suspended for the duration of the major gifts campaign (except for bequests and certain other gifts). This assures donors that their restricted contributions will be used 100% in accordance with their restrictions.
- Management fees are generally assessed annually on endowment funds to compensate the Foundation for the costs of administering those funds. During the period ending June 30, 2009, investment earnings were not adequate to assess the management fee on endowments held by the Foundation, resulting in a decline in fees from 2008 to 2009. Assessment of management fees was resumed in 2010.

Special events revenue, net encompasses the Foundation's annual dinner dance gala, as well as other campus department fundraising that is administered through the Foundation's recordkeeping system. The difference between event revenues and associated expenses results in net revenue. During the year ending, June 30, 2011, these net revenues declined due to the elimination of the silent auction portion of the dinner dance gala.

Support for the College is accumulated in *Distributions to Great Basin College*. These distributions typically include amounts for scholarships and program support. The increased level of distributions in 2010 are primarily for the Leonard Center remodel project, which was substantially completed at the end of 2010.

The increase in *Administrative expenses* from 2009 to 2010 is the result of a consulting engagement undertaken by the Foundation for a feasibility study that considered the climate for a major gifts campaign. As a result of the favorable outcomes from the feasibility study, the Foundation initiated a major gifts campaign during 2011. The consulting firm used for the feasibility study was engaged as major gift consultants. The consulting fees account for the continued level of administrative expenses. The College is providing cash support to the Foundation for the full cost of the consultant's fees, which accounts for a portion of the increase in *College support*.

The 2009 *Investment income (loss)* is indicative of the lower returns in interest-bearing deposits and in the equity market losses during the period. Although the endowment investment losses are notable, the Foundation has had adequate assets in reserve to meet all obligations associated with its endowments. The 2010 and 2011 increases in *Investment income (loss)* represents the continued market recovery during the periods.

Great Basin College Foundation
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended June 30, 2011 (Audited) and 2010 (Reviewed)

Economic Factors That Will Affect the Future

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

- Northern Nevada is the nation's largest gold-producing region. In spite of the global economic downturn, local and regional economic conditions have been less adversely impacted than many other areas, largely due to a sustained level in gold prices. The industry places great emphasis on issues of sustainability in its areas of operation. These factors continue to lend themselves to a relatively favorable environment for charitable giving.
- The State of Nevada's severe budget constraints have adversely impacted state funding for higher education. The College has adjusted in a variety of ways, while attempting to preserve the majority of the staff, faculty and programs that are essential for its students.

Requests for Information

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

Great Basin College Foundation
STATEMENTS OF NET ASSETS
As of June 30, 2011 (Audited) and 2010 (Reviewed)

	As of June 30,	
	2011	2010
ASSETS		
Current Assets		
Unrestricted cash and cash equivalents	\$ 62,951	\$ 316,372
Restricted cash and cash equivalents	344,278	108,782
Unrestricted certificates of deposit	30,375	544,687
Restricted certificates of deposit	780,477	1,117,965
Current portion of pledges receivable, net	10,674	16,876
Current portion of notes receivable	-	78,172
Prepaid expenses	6,236	10,320
Other current assets	396	2,896
Total Current Assets	1,235,387	2,196,070
Noncurrent Assets		
Unrestricted long-term investments	661,053	-
Restricted long-term investments	3,410,685	2,682,993
Real property	89,672	11,500
Long-term portion of pledges receivable, net	12,407	23,023
Capital assets, net	56,048	70,280
Total Noncurrent Assets	4,229,865	2,787,796
TOTAL ASSETS	5,465,252	4,983,866
LIABILITIES		
Current Liabilities		
Accounts payable	1,613	198
Due to College	10,758	9,165
Accrued liabilities	-	12,990
Refundable advance	-	150,000
Total Current Liabilities	12,371	172,353
TOTAL LIABILITIES	12,371	172,353
NET ASSETS		
Restricted for:		
Nonexpendable	3,266,400	2,975,703
Expendable:		
Scholarships	589,791	294,980
Building projects	171,757	346,410
Other	415,168	162,311
Invested in capital assets	56,048	70,280
Unrestricted	953,717	961,829
TOTAL NET ASSETS	\$ 5,452,881	\$ 4,811,513

See accompanying notes and auditor's report.

Great Basin College Foundation
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Years Ended June 30, 2011 (Audited) and 2010 (Reviewed)

	For the Years Ended June 30,	
	2011	2010
OPERATING REVENUES		
Contributions	\$ 227,197	\$ 174,344
College support	292,704	119,144
Administrative and management fees	28,673	30,748
Special events revenue, net	22,625	39,845
Other operating revenue	5,944	5,660
Total Operating Revenues	577,143	369,741
OPERATING EXPENSES		
Distributions to Great Basin College		
Scholarships	123,150	103,388
Building projects	76,506	1,610,763
Other	225,370	191,394
Restricted program expenses	53,755	47,816
Administrative expenses	379,897	381,932
Total Operating Expenses	858,678	2,335,293
OPERATING INCOME (LOSS)	(281,535)	(1,965,552)
NONOPERATING GAINS (LOSSES)		
Investment income (loss)	634,736	357,300
Gain (loss) on sale of real property	-	(5,569)
Loss on note foreclosure	(2,878)	-
Loss on early retirement of assets	(4,040)	-
Total Nonoperating Gains (Losses)	627,818	351,731
INCOME (LOSS) BEFORE ADDITIONS TO ENDOWMENTS	346,283	(1,613,821)
ADDITIONS TO ENDOWMENTS	295,085	73,668
INCREASE (DECREASE) IN NET ASSETS	641,368	(1,540,153)
NET ASSETS		
NET ASSETS AT BEGINNING OF YEAR	4,811,513	6,351,666
NET ASSETS AT END OF YEAR	\$ 5,452,881	\$ 4,811,513

See accompanying notes and auditor's report.

Great Basin College Foundation
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2011 (Audited) and 2010 (Reviewed)

Page 1 of 2

	For the Years Ended June 30,	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from contributions	\$ 167,778	\$ 158,793
Receipts from college support	54,960	-
Receipts from administrative and management fees	28,673	30,748
Receipts from special events	22,575	39,820
Receipts from other operations	5,944	5,660
Distributions to College	(341,884)	(1,895,095)
Payments for restricted program expenses	(53,947)	(48,089)
Payments to employees for services	(35,306)	(140,014)
Payments to vendors for goods and services	(107,595)	(126,135)
Net cash (used) provided by operating activities	(258,802)	(1,974,312)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(2,000)	(26,296)
Net cash (used) provided by capital activities	(2,000)	(26,296)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends on investments	85,858	107,147
Payments received on notes receivable	-	13,500
Net sales (purchases) of certificates of deposits	860,000	1,715,000
Net sales (purchases) of investments	(861,289)	(109,628)
Realized gain (loss) on sale of investments	13,223	51,982
Additions to endowments	145,085	73,668
Proceeds from refundable advance	-	150,000
Proceeds from sale of real property	-	16,049
Net cash (used) provided by investing activities	242,877	2,017,718
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(17,925)	17,110
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	425,154	408,044
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 407,229	\$ 425,154
This balance consists of:		
Unrestricted cash and cash equivalents	\$ 62,951	\$ 316,372
Restricted cash and cash equivalents	344,278	108,782
	\$ 407,229	\$ 425,154

See accompanying notes and auditor's report.

Great Basin College Foundation
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2011 (Audited) and 2010 (Reviewed)

Page 2 of 2

	For the Years Ended June 30,	
	2011	2010
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (281,535)	\$ (1,965,552)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	12,972	9,767
Changes in assets and liabilities:		
Decrease (increase) in prepaid expenses	4,084	(7,391)
Decrease (increase) in pledges receivable	16,818	(3,100)
Decrease (increase) in other current assets	(378)	(2,661)
Increase (decrease) in accounts payable	634	(194)
Increase (decrease) in due to College	1,593	(4,128)
Increase (decrease) in accrued liabilities	(12,990)	(1,053)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (258,802)	\$ (1,974,312)

SUPPLEMENTARY INFORMATION:

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

Contributions	\$ 76,237	\$ 12,451
Special events revenues and associated expenses	4,163	14,054
College support for Foundation employee costs	219,088	97,462
College support for Foundation office space	18,000	18,000
College support for equipment and expenses	655	3,682
Purchase of equipment included in accounts payable	781	-
	\$ 318,924	\$ 145,649
Refundable advance earned as revenue	\$ 150,000	\$ -
Non-cash distributions made to College	\$ 72,437	\$ 10,450
Unrealized investment gains	\$ 535,654	\$ 187,871
Loss on early retirement of assets	\$ (4,040)	\$ -
Foreclosure of note receivable and resulting real property acquisition	\$ 78,172	\$ -
Accrued interest receivable written off as part of foreclosure	\$ (2,878)	\$ -

See accompanying notes and auditor's report.

Great Basin College Foundation
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 (Audited) and 2010 (Reviewed)

Note 1 – Summary of Significant Accounting Policies

Organization

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

Basis of Presentation

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

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

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

Basis of Accounting

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

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

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

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

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

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

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

Great Basin College Foundation
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 (Audited) and 2010 (Reviewed)

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

Recognition of Support and Revenue

Contributions, gifts and pledges are recognized as revenue when they are received or unconditionally pledged. When a transfer of assets from a donor includes a conditional promise to contribute, such as the attainment of a targeted amount, the gift is classified as a refundable advance until the conditions have been substantially met. Contributions received are recorded as unrestricted or restricted, including both expendable and nonexpendable resources, depending on the existence and/or nature of any donor restrictions. Pledges receivable are generally determined to be collectible at the time they are recorded. No provision for uncollectible pledges is deemed necessary.

Cash and Cash Equivalents

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

Investments

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

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

Capital Assets

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

Donated Assets and Services

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

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

Additionally, as described in Note 11, the College provides staffing, office space, and other costs for operations of the Foundation. These amounts are included in revenues as *College support*, with the associated expense reflected in *Administrative expenses*.

Great Basin College Foundation
NOTES TO FINANCIAL STATEMENTS
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Income Taxes

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

As of June 30, 2011, the Foundation is no longer subject to U.S. federal income tax examinations by tax authorities for tax years before 2008.

Compensated Absences

For the periods when the Foundation reimbursed the College for payroll costs, an amount was accrued for annual leave in a manner consistent with College policy. Annual leave is accrued at rates based upon employee compensation at the end of the period. Such accrued expenses were classified as a component of *Administrative expenses* in the accompanying Statement of Revenues, Expenses, and Changes in Net Assets. Since the Foundation is no longer reimbursing the College for payroll costs, no such provision was made at June 30, 2011.

Operating and Nonoperating Revenues and Expenses

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

Special Events

Gross proceeds from special events have been netted by the related costs and expenses in the amounts of \$15,200 and \$24,818 for the years ended June 30, 2011 and 2010, respectively.

Use of Estimates

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

Concentration of Credit Risk

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

Subsequent Events

Management has evaluated subsequent events through September 7, 2011, which is the date these financial statements were available to be issued. These financial statements have not been updated for subsequent events occurring after that date.

Great Basin College Foundation
NOTES TO FINANCIAL STATEMENTS
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Note 2 – Cash and Investments

The cash reflected in the Statement of Net Assets is the carrying amount of deposits of the individual account's equity in the pooled cash balances. A summary schedule of cash and investments for the Foundation as of June 30, 2011 and 2010 follows:

As of June 30, 2011

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Cash and money market funds	<u>\$62,951</u>	<u>\$344,278</u>	<u>\$407,229</u>
Certificates of deposit	<u>30,375</u>	<u>780,477</u>	<u>810,852</u>
Managed accounts:			
Equities	-	212,331	212,331
Corporate bonds	-	157,267	157,267
US government obligations	-	53,353	53,353
Fixed income mutual funds	-	50,718	50,718
Other mutual funds	-	439,909	439,909
Commonfund Core Equity Fund	661,053	1,714,404	2,375,457
Commonfund High Quality Bond Fund	-	782,703	782,703
Total investments	<u>661,053</u>	<u>3,410,685</u>	<u>4,071,738</u>
Total cash and investments	<u>\$754,379</u>	<u>\$4,535,440</u>	<u>\$5,289,819</u>

As of June 30, 2010

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Cash and money market funds	<u>\$316,372</u>	<u>\$108,782</u>	<u>\$425,154</u>
Certificates of deposit	<u>544,687</u>	<u>1,117,965</u>	<u>1,662,652</u>
Managed accounts:			
Equities	-	448,324	448,324
Corporate bonds	-	155,480	155,480
US government obligations	-	53,617	53,617
Fixed income mutual funds	-	74,755	74,755
Other mutual funds	-	63,870	63,870
Commonfund Core Equity Fund	-	1,193,230	1,193,230
Commonfund High Quality Bond Fund	-	693,717	693,717
Total investments	<u>-</u>	<u>2,682,993</u>	<u>2,682,993</u>
Total cash and investments	<u>\$861,059</u>	<u>\$3,909,740</u>	<u>\$4,770,799</u>

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

Great Basin College Foundation
NOTES TO FINANCIAL STATEMENTS
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Deposits:

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

	<u>Carrying Amount</u>	<u>Bank Balance</u>
<u>As of June 30, 2011</u>		
Cash and money market funds:		
Cash on hand	\$ 112	\$ -
Insured, FDIC or SIPC	407,117	407,451
Uninsured and uncollateralized	-	-
	<u>\$ 407,229</u>	<u>\$ 407,451</u>
Certificates of deposit:		
Insured, Federal Deposit Insurance Corporation	<u>\$ 810,852</u>	<u>\$ 810,852</u>
<u>As of June 30, 2010</u>		
Cash and money market funds:		
Cash on hand	\$ 50	\$ -
Insured, Federal Deposit Insurance Corporation	359,954	383,672
Uninsured and uncollateralized	65,150	65,150
	<u>\$ 425,154</u>	<u>\$ 448,822</u>
Certificates of deposit:		
Insured, Federal Deposit Insurance Corporation	<u>\$ 1,662,652</u>	<u>\$ 1,662,652</u>

Investments:

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

Risk Categories

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

Credit Risk – The Foundation’s investment policy provides for a target asset allocation of 35% to fixed income instruments. The Federal National Mortgage Association and Federal Farm Credit Bank investments are rated AAA. Corporate bonds are rated A and AA. The Commonfund High Quality Bond Fund and the fixed income mutual funds are not rated by nationally recognized statistical rating organizations.

Great Basin College Foundation
NOTES TO FINANCIAL STATEMENTS
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Custodial Credit Risk – Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, an entity will not be able to recover the full value of investment or collateral securities that are in the possession of an outside party. The Foundation’s investment policy provides for a target asset allocation of 65% to equity investments, with an acceptable range of 55% to 75%. Equity holdings are generally restricted to high quality, readily marketable securities of corporations that are actively traded on the major stock exchanges, and are held either through mutual funds or by individual fund managers as custodians. These investments include uninsured and unregistered investments, with securities held by the counterparty, or by its trust department or agent, but not in the entity’s name.

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

A summary of endowment investments and associated maturities follows:

As of June 30, 2011

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>			
		<u>< 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>> 10</u>
Equities	\$ 212,331	\$ 212,331	\$ -	\$ -	\$ -
Corporate bonds	157,267	-	104,290	52,977	-
Fixed income mutual funds	50,718	50,718	-	-	-
Other mutual funds	439,909	439,909	-	-	-
US government obligations	53,353	-	26,261	27,092	-
Commonfund Core Equity Fund	2,375,457	2,375,457	-	-	-
Commonfund High Quality Bond Fund	782,703	782,703	-	-	-
	<u>\$ 4,071,738</u>	<u>\$ 3,861,118</u>	<u>\$ 130,551</u>	<u>\$ 80,069</u>	<u>\$ -</u>

As of June 30, 2010

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>			
		<u>< 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>> 10</u>
Equities	\$ 195,499	\$ 195,499	\$ -	\$ -	\$ -
Corporate bonds	155,480	-	76,770	78,710	-
Fixed income mutual funds	74,755	74,755	-	-	-
Other mutual funds	316,695	316,695	-	-	-
US government obligations	53,617	-	26,531	27,086	-
Commonfund Core Equity Fund	1,193,230	1,193,230	-	-	-
Commonfund High Quality Bond Fund	693,717	693,717	-	-	-
	<u>\$ 2,682,993</u>	<u>\$ 2,473,896</u>	<u>\$ 103,301</u>	<u>\$ 105,796</u>	<u>\$ -</u>

Great Basin College Foundation
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Note 3 – Capital Assets

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

	<u>Equipment & Furnishings, At Cost</u>	<u>Leasehold Improvements, At Cost</u>	<u>Accumulated Depreciation</u>	<u>Capital Assets, Net</u>
Balance at June 30, 2009	\$ 106,828	\$ 26,438	\$ (81,823)	\$ 51,443
Add: Acquisitions	29,529	-	-	29,529
Less: Retirements	(31,341)	(925)	31,341	(925)
Less: Depreciation	-	-	(9,767)	(9,767)
Balance at June 30, 2010	\$ 105,016	\$ 25,513	\$ (60,249)	\$ 70,280
Add: Acquisitions	2,780	-	-	2,780
Less: Retirements	(5,050)	-	1,010	(4,040)
Less: Depreciation	-	-	(12,972)	(12,972)
Balance at June 30, 2011	\$ 102,746	\$ 25,513	\$ (72,211)	\$ 56,048

Note 4 – Real Property

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

<u>Property Description</u>	<u>Value</u>	<u>Balance</u>
Balance at June 30, 2009		
Property in Ely, NV <i>Unrestricted</i>	\$ 11,500	
Property in Riverside, CA <i>Unrestricted</i>	6,618	
Property in Elko, NV <i>Unrestricted</i>	15,000	
Balance at June 30, 2009		\$ 33,118
Less: Sales of property		
Property in Riverside, CA <i>Unrestricted</i>	(6,618)	
Property in Elko, NV <i>Unrestricted</i>	(15,000)	
		(21,618)
Balance at June 30, 2010		
Property in Ely, NV <i>Unrestricted</i>	11,500	
Balance at June 30, 2010		\$ 11,500
Add: Property required through note foreclosure		
Property in Fallon, NV <i>Restricted</i>	78,172	
		78,172
Balance at June 30, 2011		
Property in Ely, NV <i>Unrestricted</i>	11,500	
Property in Fallon, NV <i>Restricted</i>	78,172	
Balance at June 30, 2011		\$ 89,672

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Note 5 – Notes Receivable

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

During the period ending June 30, 2010, nine monthly payments were made in the amount of \$1,500. No further payments were made on the note after March 2010. Foreclosure proceedings were initiated in May 2010, and were completed in October 2010. No buyers were present at the trustee's sale. The Foundation reacquired the property in November 2010. The property was recorded at the value of the note balance at the time of the foreclosure, and is included as *Property in Fallon, NV* with Real Property in Note 4.

Summary information for this note receivable follows:

Balance at June 30, 2011	<u>\$ -</u>
Balance at June 30, 2010	\$ 78,172
Less: Current maturities	<u>(78,172)</u>
Long-term portion	<u>\$ -</u>

Note 6 – Pledges Receivable

Pledges receivable for unrestricted and expendable restricted funds are recorded when the receivable amount is determined to be unconditional. Pledges are adjusted to present value based upon collection date in the accompanying financial statements. Pledges for additions to endowment accounts are recorded when payments are received. The Foundation anticipates collection of substantially all pledges receivable, therefore no provision for uncollectible receivables has been made. Pledges receivable at June 30, 2011 and 2010 are for the following areas:

	<u>2011</u>	<u>2010</u>
Operating funds	\$ 1,175	\$ 5,213
Scholarship funds	6,000	9,295
Other funds	<u>16,000</u>	<u>25,585</u>
Gross pledges receivable	23,175	40,093
Less: Present value discount	<u>(94)</u>	<u>(194)</u>
Net pledges receivable	<u>\$ 23,081</u>	<u>\$ 39,899</u>
Current portion	10,674	16,876
Long-term portion	<u>12,407</u>	<u>23,023</u>
Net pledges receivable	<u>\$ 23,081</u>	<u>\$ 39,899</u>

Great Basin College Foundation
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Note 7 – Administrative and Management Fees

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

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

Management fees are generally assessed annually on endowment accounts on a sliding scale based on corpus balance to compensate the Foundation for the costs of administering those accounts. Unrestricted management fee revenue is shown as *Administrative and management fees* under *Operating revenues*.

Note 8 - Endowments

The Foundation holds two pools of endowment accounts. One account, as described in Note 9, is a required maintenance endowment that is invested and managed separately from other endowments. All other endowments held by the Foundation, most of which are restricted for scholarship funding, are combined in an internal investment pool. The corpus balances of all endowment accounts held by the Foundation at June 30, 2011 and 2010 total \$3,266,400 and \$2,975,703, respectively.

The Foundation Board of Trustees previously designated \$73,219 of unrestricted donations for the establishment of certain accounts, including two endowments. Of these designated amounts, portions have been spent or redesignated over the years, leaving board designated balances of \$39,409 for the years ended June 30, 2011 and 2010. During the current period, an additional \$621,644 in unrestricted amounts were designated by the Board of Trustees as part of the Endowment for New Programs. Because governing boards do not have the authority to permanently restrict amounts received without donor restriction, future boards could redesignate these amounts at any time. Therefore, these amounts are considered unrestricted net assets. The portion of these amounts designated as endowments are invested with true endowments, but are maintained in separate accounting groups to appropriately reflect the nature of the assets. Additional contributions from donors that are restricted for these uses are classified as nonexpendable or expendable net assets in the Foundation's records, depending on the nature of the donor restriction.

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

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Net appreciation (depreciation) in endowment accounts, which total \$644,893 and \$131,413 at June 30, 2011 and 2010, respectively, is shown as part of expendable net assets in the Statement of Net Assets. 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 9 – Campus Enhancement Project

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

One condition of the Donald W. Reynolds Foundation grant required that the Foundation establish a \$908,000 endowment to generate funds for future maintenance of the campus enhancements. Terms of the agreement require that the endowment funds be maintained separately from other assets of the Foundation. The endowment funds and accumulated earnings were held in one financial institution during the years ended June 30, 2011 and 2010. No other Foundation assets have been commingled with these endowment assets.

Note 10 – Pending Bequests

During the period ending June 30, 2008, the Foundation received a partial distribution of \$99,684 from a bequest restricted to capital improvements at Great Basin College's Winnemucca campus. The capital project to which these funds have been allocated was completed during the period ending June 30, 2011. The remaining amount available to the Foundation, which has been requested from the trustee, could be as much as \$11,000, but cannot be estimated at this time due to the discretionary nature of the bequest provisions.

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

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

Great Basin College Foundation
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Note 11 – Related Party Transactions

The College administers all payroll functions of the Foundation. During the period ending June 30, 2010, the College began assuming the Foundation's staff payroll costs, with the following stepped reimbursement schedule:

Prior to January 1, 2010	Full reimbursement of staff payroll costs
January 1 through June 30, 2010	Reimburse two-thirds of staff payroll costs
July 1 through December 31, 2010	Reimburse one-third of staff payroll costs
Effective January 1, 2011	No reimbursement

For the years ended June 30, 2011 and 2010, the Foundation reimbursed the College for \$26,204 and \$140,014 of payroll expenses, respectively. Accounts payable included \$10,758 and \$9,165 due to Great Basin College at June 30, 2011 and 2010, respectively. These balances consisted primarily of reimbursements due for Campus Enhancement Project maintenance costs (see Note 10) at June 30, 2011, and for June 2010 payroll costs at June 30, 2010.

The College provided the Foundation with the in-kind contribution of a half-time executive director and a portion of the cost of the Foundation staff in the amount of \$219,088 for the year ended June 30, 2011. The College provided the Foundation with the in-kind contribution of a half-time executive director and a portion of the cost of the Foundation staff in the amount of \$97,462 for the year ended June 30, 2010. Additionally, the College provided \$54,960 in cash support for monthly consulting fees associated with a major giving campaign during the period ending June 30, 2011.

The College provides office space and associated utility costs for the Foundation. The Foundation recorded \$18,000 as in-kind contributions for office space, and associated rental expense for the same amount for the years ended June 30, 2011 and 2010.

The Foundation expended \$425,026 and \$1,905,545 in cash and in-kind contributions for programs, facilities, capital projects, and activities of the College during the years ended June 30, 2011 and 2010, respectively.

Note 12 – Commitments

During the year ending June 30, 2011, the Foundation engaged The Clements Group in a thirty-month consulting contract for services related to a major giving campaign. As provided in a Memorandum of Understanding between the College and the Foundation, the College is providing support to the Foundation on a monthly basis for the full amount of the contract obligation. Remaining contract payments and associated reimbursements from the College amount to \$71,280 and \$53,460 for the periods ending June 30, 2012 and June 30, 2013, respectively.

Note 13 – Risk Management

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