

**EDUCATION ALLIANCE OF WASHOE COUNTY, INC.**

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**AUDITED FINANCIAL STATEMENTS**

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**JUNE 30, 2013 AND 2012**

**EDUCATION ALLIANCE OF WASHOE COUNTY, INC.**

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June 30, 2013 and 2012

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Education Alliance of Washoe County, Inc.

We have audited the accompanying financial statements of Education Alliance of Washoe County, Inc. (a non-profit organization), which comprise the statement of financial position as of June 30, 2013 and 2012, and the related activities and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable of financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 Education Alliance of Washoe County, Inc. as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Pangborn & Co., Ltd*

Reno, Nevada  
March 10, 2014

**EDUCATION ALLIANCE OF WASHOE COUNTY, INC.**

Statements of Financial Position

June 30, 2013 and 2012

	<b>ASSETS</b>	
	<u>2013</u>	<u>2012</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 111,720	\$ 97,083
Grant receivable	-	57,786
Other receivable	8	8
Inventory	12,852	17,906
Total Current Assets	<u>124,580</u>	<u>172,783</u>
<b>EQUIPMENT</b>		
Equipment	13,550	8,394
Less: Accumulated depreciation	<u>(13,550)</u>	<u>(8,394)</u>
Total Equipment	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 124,580</u>	<u>\$ 172,783</u>
	<b>LIABILITIES AND NET ASSETS</b>	
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 227	\$ 26,948
Accrued liabilities	60	7,420
Total Current Liabilities	<u>287</u>	<u>34,368</u>
<b>NET ASSETS</b>		
Unrestricted	32,314	31,971
Temporarily restricted	91,979	106,444
Total Net Assets	<u>124,293</u>	<u>138,415</u>
Total Liabilities and Net Assets	<u>\$ 124,580</u>	<u>\$ 172,783</u>

The attached auditor's report and notes should be read with the financial statements.

**EDUCATION ALLIANCE OF WASHOE COUNTY, INC.**

Statement of Activities

For the Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	Total
<b>Support and Revenues</b>			
Grant revenues, federal	\$ -	\$ 2,343	\$ 2,343
Cash donations	58,215	159,441	217,656
Non-cash contributions	-	151,427	151,427
Contributions from Washoe			
County School District	-	369,712	369,712
Other	200	-	200
Total Support and Revenues	58,415	682,923	741,338
Net Assets Released from Restrictions	697,388	(697,388)	-
Total Support, Revenues and Net Assets Released	755,803	(14,465)	741,338
<b>Expenses</b>			
Program Service Expenses			
Parental Information and Resource Centers	2,343		2,343
P-16 Advocacy	40,839		40,839
Crayons to Computers	222,921		222,921
Parent Involvement Summit	20,448		20,448
Partners in Education	57,245		57,245
Cari Carlson	341		341
Run for Education	216,129		216,129
After School Literacy	341		341
UWNNS Parent/University	20,383		20,383
NV PIE	1,363		1,363
Total Program Service Expenses	\$ 582,353		\$ 582,353

The attached auditor's report and notes should be read with the financial statements.

**EDUCATION ALLIANCE OF WASHOE COUNTY, INC.**

Statement of Activities

For the Year Ended June 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Supporting Service Expenses			
Administration and General			
Funded by Washoe County School District:			
Salaries and related expenses	\$ 84,809		\$ 84,809
Other operating expenses	30,224		30,224
Depreciation	5,156		5,156
Other expenses	<u>52,918</u>		<u>52,918</u>
 Total Supporting Service Expenses	 <u>173,107</u>		 <u>173,107</u>
 Total Expenses	 <u>755,460</u>		 <u>755,460</u>
 Change in Net Assets	 343	 (14,465)	 (14,122)
 Net Assets, Beginning of Year	 <u>31,971</u>	 <u>106,444</u>	 <u>138,415</u>
 Net Assets, End of Year	 <u>\$ 32,314</u>	 <u>\$ 91,979</u>	 <u>\$ 124,293</u>

The attached auditor's report and notes should be read with the financial statements.

**EDUCATION ALLIANCE OF WASHOE COUNTY**

Statement of Activities

For the Year Ended June 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support and Revenues</b>			
Grant revenues, federal	\$ -	\$ 255,986	\$ 255,986
Cash donations	60,904	114,579	175,483
Non-cash contributions	3,040	144,484	147,524
Contributions from Washoe County School District	-	393,973	393,973
<b>Total Support and Revenues</b>	<b>63,944</b>	<b>909,022</b>	<b>972,966</b>
Net Assets Released from Restrictions	983,864	(983,864)	-
<b>Total Support, Revenues and Net Assets Released</b>	<b>1,047,808</b>	<b>(74,842)</b>	<b>972,966</b>
<b>Expenses</b>			
Program Service Expenses			
Parental Information and Resource Centers	293,245		293,245
Crayons to Computers	283,859		283,859
Parent Involvement Summit	14,553		14,553
Partners in Education	73,154		73,154
AT&T Parental Engagement	10,530		10,530
Run for Education:			
Kids in Motion/Passport Program	57,718		57,718
Administrative Fee	13,646		13,646
Run for Education	19,075		19,075
Smarthinking	1,389		1,389
UWNNA Parent/University	102,814		
Focus on Literacy	15,971		15,971
<b>Total Program Service Expenses</b>	<b>\$ 885,954</b>		<b>\$ 783,140</b>

The attached auditor's report and notes should be read with the financial statements.

**EDUCATION ALLIANCE OF WASHOE COUNTY**

Statement of Activities

For the Year Ended June 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Supporting Service Expenses			
Administration and General			
Funded by Washoe County School District:			
Salaries and related expenses	\$ 91,030		\$ 91,030
Other operating expenses	51,880		51,880
Other expenses	<u>27,273</u>		<u>27,273</u>
Total Supporting Service Expenses	<u>170,183</u>		<u>170,183</u>
Total Expenses	<u>1,056,137</u>		<u>953,323</u>
Change in Net Assets	(8,329)	(74,842)	(83,171)
Net Assets, Beginning of Year	<u>40,300</u>	<u>181,286</u>	<u>221,586</u>
Net Assets, End of Year	<u>\$ 31,971</u>	<u>\$ 106,444</u>	<u>\$ 138,415</u>

The attached auditor's report and notes should be read with the financial statements.



**EDUCATION ALLIANCE OF WASHOE COUNTY, INC.**

Statements of Cash Flows

For the Years Ended June 30, 2013 and 2012

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<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	2013	2012
Change in net assets	\$ (14,122)	\$ (83,171)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	5,156	-
(Increase) decrease in grant receivable	57,786	(7,826)
(Increase) decrease in other receivable	-	(8)
(Increase) decrease in inventory	5,054	59,658
Increase (decrease) in accounts payable	(26,721)	16,643
Increase (decrease) in accrued liabilities	(7,360)	2,171
 Net Cash Provided by (Used in) Operating Activities	 <u>19,793</u>	 <u>(12,533)</u>
 Investing Activities:		
Cash paid for vehicles	<u>(5,156)</u>	<u>-</u>
 Net Cash (Used in) Investing Activities	 <u>(5,156)</u>	 <u>-</u>
 Increase (Decrease) in Cash and Cash Equivalents	 14,637	 (12,533)
 <b>CASH, Beginning of Year</b>	 <u>97,083</u>	 <u>109,616</u>
 <b>CASH, End of Year</b>	 <u>\$ 111,720</u>	 <u>\$ 97,083</u>

The attached auditor's report and notes should be read with the financial statements.

# EDUCATION ALLIANCE OF WASHOE COUNTY, INC.

Notes to Financial Statements  
For the Year Ended June 30, 2013

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## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *Nature of Activities*

The Education Alliance of Washoe County, Inc. (the Alliance) is a Nevada non-profit corporation and is a publicly supported organization funded principally by contributions from the Washoe County School District (the District) and by cash and non-cash contributions from individuals and organizations. The Alliance has the responsibility to promote cooperative partnerships with schools of the District and businesses, institutions, and community organizations in and outside of Washoe County. It is also responsible to increase the educational opportunities and improve the quality of education for students in the District.

A majority of the Alliance's current operations rely on financial support from the District. Any events that would cause a significant reduction of that support could have an adverse impact on the Alliance's operations.

Each year the Alliance carries out various programs that promote the District. The Parental Information and Resource Centers program, cash donations, the District, and non-cash donations generate all revenues for the Alliance.

### *Financial Statement Presentation*

The financial statements of the Alliance are prepared on the accrual basis of accounting and are in conformity with ASC 958-605-30, *Accounting for Contributions Made and Received*, and *Financial Statements of Not-for-Profit Organizations*.

### *Net Assets*

There are three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets:

- Unrestricted Net Assets – Net assets not subject to donor-imposed stipulations;
- Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained temporarily by the Alliance. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the Statement of Activities as net assets released from restrictions;
- Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Alliance. The Alliance does not have any permanently restricted net assets at June 30, 2013 and 2012.

### *Support and Revenue Recognition*

Contributions are recognized when the donor makes an unconditional promise to give to the Alliance. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or are restricted by the donor for specific purposes are reported as temporarily restricted support, which increases that net asset class.

When a donor-stipulated time restriction ends or a purpose restriction is accomplished, the restricted net assets are released to unrestricted net assets and are reported in the Statements of Activities as net assets released from restrictions.

**EDUCATION ALLIANCE OF WASHOE COUNTY, INC.**

Notes to Financial Statements  
For the Year Ended June 30, 2013

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Support and Revenue Recognition (continued)*

The Alliance receives a substantial portion of its revenue from contracts or grants administered by federal agencies for year ended June 30, 2012. Support from contracts or grants is considered earned as funds are expended or as services are provided.

*Cash and Cash Equivalents*

Cash and cash equivalents are comprised of highly liquid instruments with original maturities of three months or less.

*Grants Receivable*

Grants receivable include contracts and grant funds that have been earned but not yet received at year end. Such receivables are considered fully collectible by management; accordingly, no allowance for doubtful accounts is included in the financial statements.

*Inventory*

Inventory consists of items donated for use in classrooms and is valued at the estimated fair value of the items at the date of donation.

*Equipment*

The Alliance capitalizes all equipment acquisitions in excess of \$5,000. Purchased equipment is recorded at cost. Contributed items are recorded at fair value. Depreciation is computed using the straight-line method based on an estimated useful life of five to seven years for vehicles and equipment.

*Use of Estimates*

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

*Federal Income Taxes*

The Alliance is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements. The organization is no longer subject to examination by federal tax authorities for years before 2009.

*Contributed Assets and Services*

The Alliance recognizes donated property as a contribution at the estimated fair value at the date of the gift. A number of volunteers have donated significant amounts of time to various fund raising events and program activities. The value of these donated services is not recognized as a contribution as no objective basis is available to measure the value of such services.

*Subsequent Events*

Management has evaluated subsequent events through March 10, 2014, the date the financial statements were available to be issued.

**EDUCATION ALLIANCE OF WASHOE COUNTY, INC.**

Notes to Financial Statements  
For the Year Ended June 30, 2013

**NOTE 2 – FISCAL SPONSORSHIP AGREEMENT/RELATED PARTY**

The Alliance has entered into an agreement with the District in which the District acts as the fiscal sponsor of the Alliance. As a fiscal sponsor, the District provided funding in the amount of \$369,712 and \$393,973 during the years ended June 30, 2013 and 2012. This funding consisted of salaries, benefits and related expenses, audit fees, and miscellaneous administrative costs. Salaries, benefits and related expenses were allocated by program based on estimates made by management of the Alliance. Due to this allocation, the amount presented in the Statement of Activities does not reflect the total salaries, benefits and related expenses that the District paid.

**NOTE 3 - FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services on the basis of actual expenses and on estimates made by Alliance's management.

**NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS**

At June 30, 2013 and 2012, temporarily restricted net assets are available for the following programs:

	<u>2013</u>	<u>2012</u>
Run for Education	\$ 9,419	\$ 28,512
Crayons to Computers	12,852	17,906
Focus on Literacy	440	440
Parent Involvement Summit	34,414	36,469
Cari Carlson Scholarship	975	975
Partners in Education	13,831	13,850
UWNNS Parent University	2,678	8,292
NV PIE	8,221	-
P-16 Advisory Council	<u>9,149</u>	<u>-</u>
	<u>\$ 91,979</u>	<u>\$ 106,444</u>

**NOTE 5 – NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets were released from donor restrictions during the year ended June 30, 2013 and 2012, by incurring expenses satisfying the restricted purposes which the donors specified.

Purpose restrictions accomplished:

	<u>2013</u>	<u>2012</u>
Parental Information and Resource Centers	\$ 2,343	\$ 255,986
Crayons to Computers	146,110	202,217
Focus on Literacy/After School Literacy	-	10,871
Run for Education	143,913	58,788
Partners in Education	19	6,001
Program Support Washoe County School District	380,583	357,441
AT&T Parental Engagement	-	7,643
Parent Involvement Summit	2,954	210
P-16 Advisory Council	15,851	-
UWNNS Parent University	<u>5,615</u>	<u>84,707</u>
Total Restrictions Released	<u>\$ 697,388</u>	<u>\$ 983,864</u>